

OVERSEAS NEWS

Lebanese MPs prepare to do the unthinkable

Lara Marlowe and Andrew Gowers on why they are ready to back the Arab peace charter

AFTER MORE than three weeks of brinkmanship in the faintly unreal setting of a Saudi mountain resort, 62 Lebanese parliamentary deputies will today do something that would have been unthinkable as recently as two months ago. Barring the sort of last-minute upset for which Lebanon's politics have admittedly become notorious, they will gather in Jeddah in the company of King Fahd for a solemn ceremony to endorse an Arab League peace charter for Lebanon.

In so doing, depending on whose hyperbole you choose to believe, they will set the seal on a "historic mission" (says Mr Kazem el-Khalil, the 88-year-old parliamentarian who has presided over the meetings) or take the first step on the road to hell (thus Gen Michel Aoun, the Christian leader who was yesterday conducting a valiant rear-guard action to scupper the accord).

The accord reached in Taif, of course, is neither such a historic achievement nor a prelude to perdition. It is, however, the most positive development in Lebanon since the Government split into Christian and Moslem factions in September, 1982.

The deep differences among Lebanon's religious communities persist and the Arab League has been unable to address all the fundamental

defects in Lebanon's crippled political system. Moreover, it has fudged the issue of the presence of Syrian troops in the country, calling for them only to redeploy in eastern Lebanon two years after the enactment of political reforms. Nonetheless, a significant first step has been taken towards restoring a united, working government.

The second step - that of a presidential election to be held in the Villa Mansour, a peach-coloured stucco mansion on Beirut's dividing green line - should follow within weeks.

Predictably enough, the Taif agreement has been greeted with something less than euphoria on both sides of the divided Lebanese capital. In Christian east Beirut, demonstrations against it and in support of Gen Aoun were reported yesterday.

The Christian leader told a midnight press conference on Sunday that for him to accept such a compromise on Lebanese sovereignty would be a "triple crime". However, the Maronite leader said he would not fight the agreement with military means. In what may prove the beginning of a long valediction, he said he would now consult his people to gauge whether they will back him in a continued struggle. If not he would quit.

How precisely he proposes to assess his popular support remains unclear, since he would argue that both fresh parliamentary elections and a free and fair referendum are impossible while the Syrian occupation continues. Furthermore, what Gen Aoun describes as the "hell" of an accommodation with Syria holds little terror for hundreds of thousands of Lebanese who endured almost nightly artillery battles from March to September of this year.

On the Moslem side, both major Shia groupings, Amal and Hizbollah, have rejected the accord, which they say does not give them representation commensurate with their status as Lebanon's largest single religious community. And acceptance of it from Syria's ally Walid Jumblatt, the Druze leader, has been distinctly grudging.

Nonetheless a start is being made in putting Lebanon back together again. No one expects Lebanon to return to what is remembered as a pre-war paradise. The Arab League's committee chose to work with the remnants of the system bequeathed by the French in 1943, rather than impose the shock of a complete revision of the constitutional system.

Because the Maronites, like all powerful minorities, feared that any concessions by them could only lead to further demands on the part of the Moslems, the Christian deputies made the talks in Taif drag on for three weeks. The final text is being referred to as the "revised text" so that the agreement will not be interpreted as a defeat for the Christian camp. Yet, only minor details of the original text have been altered.

The Arab League plan has the advantage of almost universal support from Arab and Western governments. In particular, France and the US - both of whom General Aoun had hoped to draw into his battle - snubbed him by publicly supporting the Arab League effort. Even more important within Lebanon, the Maronite patriarch and the Christian Phalange militia have also so far sided with the peace-makers against Gen Aoun.

Ambiguity persists on the question of written guarantees, which some Christian deputies say Prince Saud al Faisal of Saudi Arabia promised to give them. Prince Saud met with President Hafez al-Assad of Syria in Damascus on Thursday and Friday. The result appears to have been some



Aoun: some believe he may step down

small, symbolic concessions.

In Beirut, diplomats and Lebanese politicians say they expect the present calm to last at least a few months, after which no one dares to venture a prediction. Even assuming that the process continues according to plan, numerous potential road blocks loom.

Even if President Assad eventually pulls his soldiers back to the Bekaa valley as suggested under the Arab League plan, he will certainly not withdraw them from the country altogether while Israel continues to occupy an area along Lebanon's southern border. The deputies in Taif found no difficulty in agreeing to the enforcement of United Nations Security Council resolution 425, which has, for the past decade, required Israel to quit this so-called "security zone".

But that issue is, like much else besides, way beyond their control. And fighting between Israelis, Lebanese and Palestinians in the south of the country appears if anything to be intensifying at present, just as Beirut seems set for a reprise.

PLO seeks to sustain US interest in peace dialogue

By Tony Walker in Cairo

THE Palestine Liberation Organisation wants to keep alive American interest in promoting a preliminary dialogue between representative Palestinians and Israel on Israeli-proposed limited autonomy elections in the occupied territories.

Mr Yasir Arafat, the PLO Chairman, reportedly conveyed that message to President Honei Mubarak yesterday in their second meeting in less than 24 hours.

But Mr Arafat is also understood to have warned of a hardening anti-US sentiment in the PLO, reflecting growing

disappointment over lack of progress in a Palestinian-American dialogue initiated late last year.

Mr Mohammed Abdel Moneim, Mr Mubarak's new chief spokesman, said the PLO was "still holding to current peace efforts," and had not rejected a five-point peace plan advanced by Mr James Baker, the US Secretary of State.

The PLO leader's visit to Cairo coincided with speculation in Washington that a frustrated Mr Baker may be about to abandon his attempts to "kick-start" the peace process. Mr Baker's apparent support

for the idea of involving Palestinians from outside the territories in the proposed preliminary discussions... was emphatically rejected in Jerusalem. Israeli hardliners said this would be tantamount to talking to PLO.

"The PLO, at a meeting of its 'mini-parliament' or Central Council in Baghdad last week, attacked the passive US role in efforts to advance the peace process, but it stopped short of rejecting the Baker plan.

Palestinian leaders had been urged by, among others, Egypt not to appear to be obstructing peace efforts.

Kibbutz debt deal falls through

By Hugh Carnegie in Jerusalem

AN agreement to reschedule the bulk of a \$6.7bn (\$2.23bn) debt accumulated by Israel's kibbutz collectives, already delayed by months of wrangling between the kibbutzim, their creditors and the government, has hit another hitch just as all parties were predicting an imminent deal.

Thrashing out an accord is of critical importance to the 270 kibbutzim, still a mainstay of the Israeli economy, in their struggle to recover from a disastrous period in which a combination of heavy borrowing, rising interest rates and falling revenues from their traditional activity of agriculture plunged them into debt.

Agreement was reached in

principle in February under which the state - anxious to prevent the demise of a national institution - and the commercial banks were to write off \$1.5bn and \$b3.2 bn more was to be rescheduled over 25 years with a 10-year grace period and easy terms.

Putting this initial accord into practice has proved difficult, however. Last week the two principal movements grouping kibbutzim accused the two leading banks, Bank Hapoalim and Bank Leumi, of imposing new conditions which they said were so severe they raised doubts over continuing negotiations.

The kibbutzim, whose communal traditions have been

severely jolted by the debt crisis, objected to terms providing that all creditor banks agree to the settlement and that kibbutzim assets to be sold by the banks in the event of default.

The banks, which have insisted that the kibbutzim must be exposed to market realities if they are to recover, said they were surprised by the sharp reaction of the kibbutzim. They said the main remaining stumbling block as far as the banks were concerned was a dispute with the tax authorities over the tax treatment of the write-offs. All sides continued to say yesterday that they were confident of reaching agreement.

Manila expected to get \$1bn

By Greg Hutchinson in Manila

THE first tranche of a new money package that seems likely to total at least \$1bn is expected to flow to the Philippines from commercial banks in late January.

The drawdown of the new money is expected on January 29 to the tune of 60 per cent of the total new money available, said Mr Edgardo Espiritu, president of Philippine National Bank and a member of the country's debt negotiating panel, which agreed in principle on a new loan and debt buy-back deal last month with the Philippines' commercial

creditors.

The exact new money will not be known until after November 10, when Manila receives commitments from commercial creditors. Mr Espiritu said an informal survey showed the fresh funds would total at least \$1bn, mainly from the US and Japan.

European banks were mostly opting for debt reduction, but one British bank and a German one were taking the new money course.

The final term sheets of the proposed agreement were sent to all 337 creditor banks last

week. The banks have until November to choose between new money and debt reduction.

Mr Jose Fernandez, central bank governor, said Manila is prepared to buy \$1.3bn of its \$7.2bn medium and long-term bank debt at 50 cents on the dollar. Financing to buy back as much as \$1.5bn is believed assured from the International Monetary Fund, the World Bank and Japan. The main hitch is thought likely to be timing of the drawdowns, but it is not believed to be a problem imperilling buyback arrangements from banks.

South Africa expansion for Toyota

By Christina Lamb

MS BENAZIR Bhutto, Pakistan's Premier, returns from the Commonwealth Conference this week to face a motion of no confidence - the most serious crisis of her 10 months in office.

Leaders of the opposition Islamic Democratic Alliance (IDA) told a press conference they had the support of 129 of the 287 members of the National Assembly, enough to defeat Ms Bhutto's People's Party (PPP), which has only 110 deputies. If the IDA claim is correct it has the support of two PPP deputies. Several PPP

Bhutto faces no-confidence vote

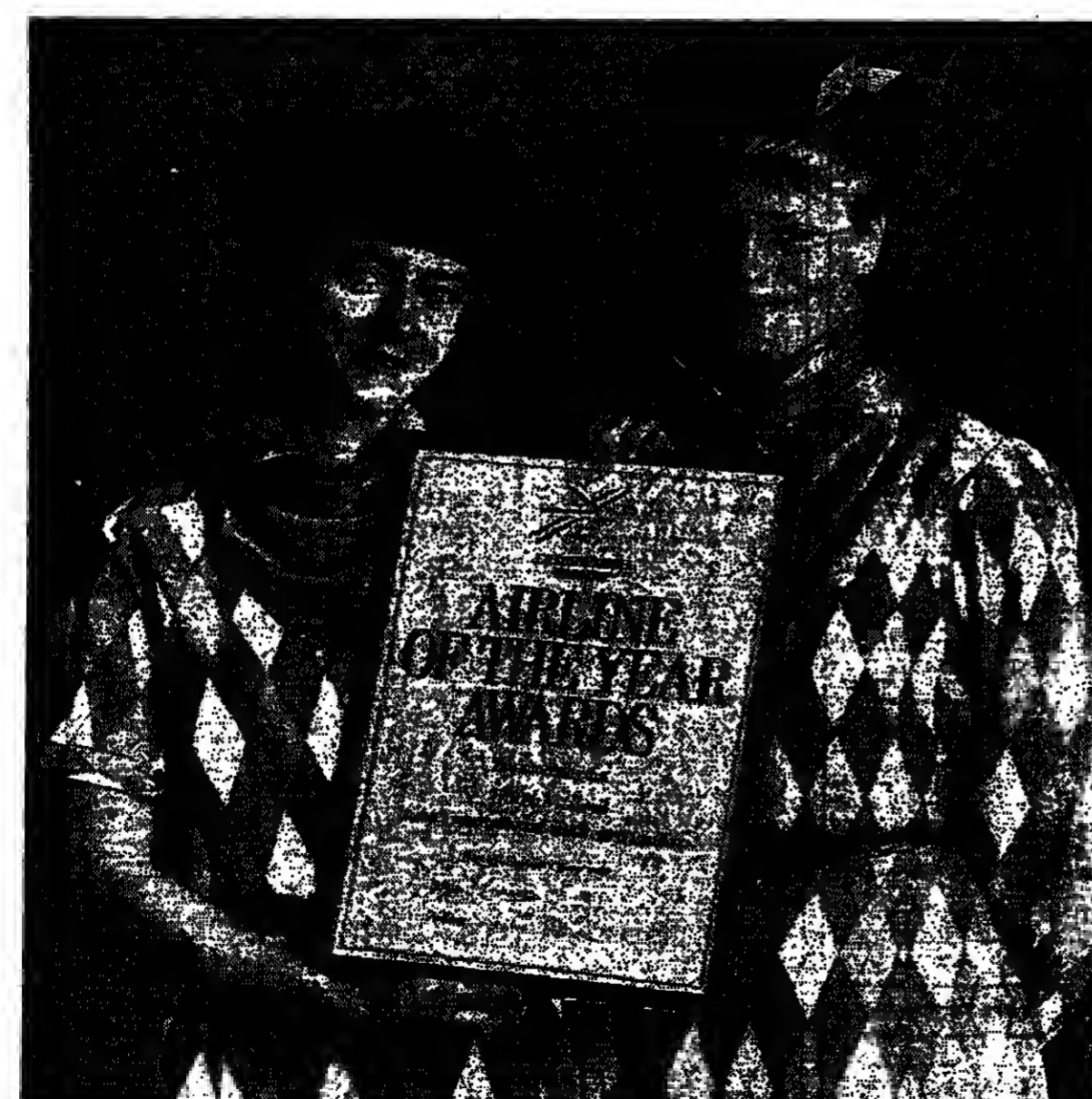
deputies have expressed dissatisfaction with their government and may have pledged support to the IDA.

The IDA said its supporters included the Mohajir Qaumi Movement (MQM), a Karachi-based party of Indian immigrants. The MQM, Pakistan's third largest party, has been supporting the PPP and its 14 seats are essential to Ms Bhutto. Relations between the two parties have long been tense.

The MQM central office refused to comment. Political analysts speculate that the

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OVERSEAS NEWS

Hong Kong and China settle migrant dispute

By John Elliott in Hong Kong

HONG KONG and China have patched up a stormy diplomatic row over the handling of illegal immigrants. China has agreed to resume its practice of accepting back illegal immigrants who cross the border into Hong Kong...

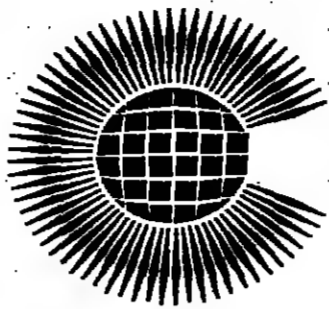
Computer fraud booms in China

COMPUTER fraud is booming in China, with theft of confidential information as well as money, as security systems are unable to keep pace with the growing skill of the criminals...

Political knives are out for 'perfidious Albion'

Roger Matthews reports on a feuding family

THERE has been a family atmosphere during the past week in Kuala Lumpur, according to Mr John Major, the British Foreign Secretary...



COMMONWEALTH SUMMIT

But the word "family" is, like much else about the Commonwealth, open to an extraordinary breadth of interpretation. At times the family on show in the past few days would not have disgraced a particularly nasty episode of Dallas.

And by the time Mr Major was preparing to pack his suitcase, the rumour-mill had provoked British officials into denying that there was a rift between him and the woman who recently gave his career such a powerful boost, Mrs Margaret Thatcher, the Prime Minister.

It was always probable that his would not be easy at the summit for the inexperienced Mr Major, while Mrs Thatcher has a well-established record of provoking fury among her Commonwealth colleagues.

There were repeated clashes between Senator Evans and Mr Major during the 15 hours of talks, characterised by Mr Major as typically frank exchanges between family members and by Australian officials in terms of a family newspaper.

However, a formula was found and the relieved ministers sent off their draft agreement to the island of Langkawi where the Heads of Government were going to their traditional, family get-together.

Mr Major, as it later emerged, was delighted to have scored what he thought was such a success on his first big outing.

The entire Commonwealth, he said, had been persuaded to shift its position on sanctions. For the first time "we have actually dragged other people in our direction in acknowledging the utility of punitive sanctions and acknowledging that progressively they must be dismantled."



A harassed Mrs Thatcher creating angst and irritation

UN paramilitary anti-drug force urged

By Robert Mauthner in Kuala Lumpur

THE CREATION of a United Nations paramilitary anti-drug force, which could offer assistance to governments on request, was proposed at the Commonwealth summit yesterday by Mr Michael Manley, the Jamaican Prime Minister.

Mr Manley, who said the force should be part of an international anti-drug capability within the framework of the UN system, stressed that the proposal had already received the endorsement of all the member states of the Caribbean Community (Caricom) and a number of other governments.

However, Mrs Margaret Thatcher, the British Prime Minister, expressed doubts about the prospect of the United Nations acquiring a security role, since it had always had peacefully confined to a peace-keeping function.

Other elements of the Jamaican proposal, to be submitted to the next session of the UN General Assembly, include: A central intelligence-gathering operation which would collate and co-ordinate all information on drug trafficking world-wide.

A training facility for drug law enforcement and intelligence personnel. A reserve pool of drug law enforcement and intelligence experts to provide short-term assistance.

A public education and drug demand management unit. A body of experts to develop and implement treatment and rehabilitation programmes.

A central source of advice for the planning and administration of crop substitution programmes.

New Delhi takes on carnival air as election gets under way

By David Housego in New Delhi

THE INDIAN general election got under way yesterday with the Congress party announcing that Prime Minister Rajiv Gandhi would stand for Amethi in Uttar Pradesh. This is the constituency he currently holds, and from where his brother Sanjay Gandhi was elected in 1980 before being killed shortly afterwards in a plane crash. He will file his papers today.

Apart from key candidatures over which there is no dispute, both the Congress Party and the opposition were yesterday locked in what seems likely to be a marathon selection process which will not end until November 2, the last day for withdrawal of nominations.

The Congress parliamentary board was yesterday meeting in the Prime Minister's house in Racecourse Road - demonstrating how far the selection of candidates has slipped from the hands of the constituency organisations to the Prime Minister.

At the weekend New Delhi took on something like a carnival appearance, with aspiring candidates and their supporters arriving in large numbers to press their claims. Party offices and MP's hostels have put up large tents to help accommodate camp followers.

Outside the the hostel for MPs from Uttar Pradesh - the largest state in the union and lying on the borders of New Delhi - foodstalls have been set up to feed the large crowd of lobbyists who wait squatting on the roadside grass.

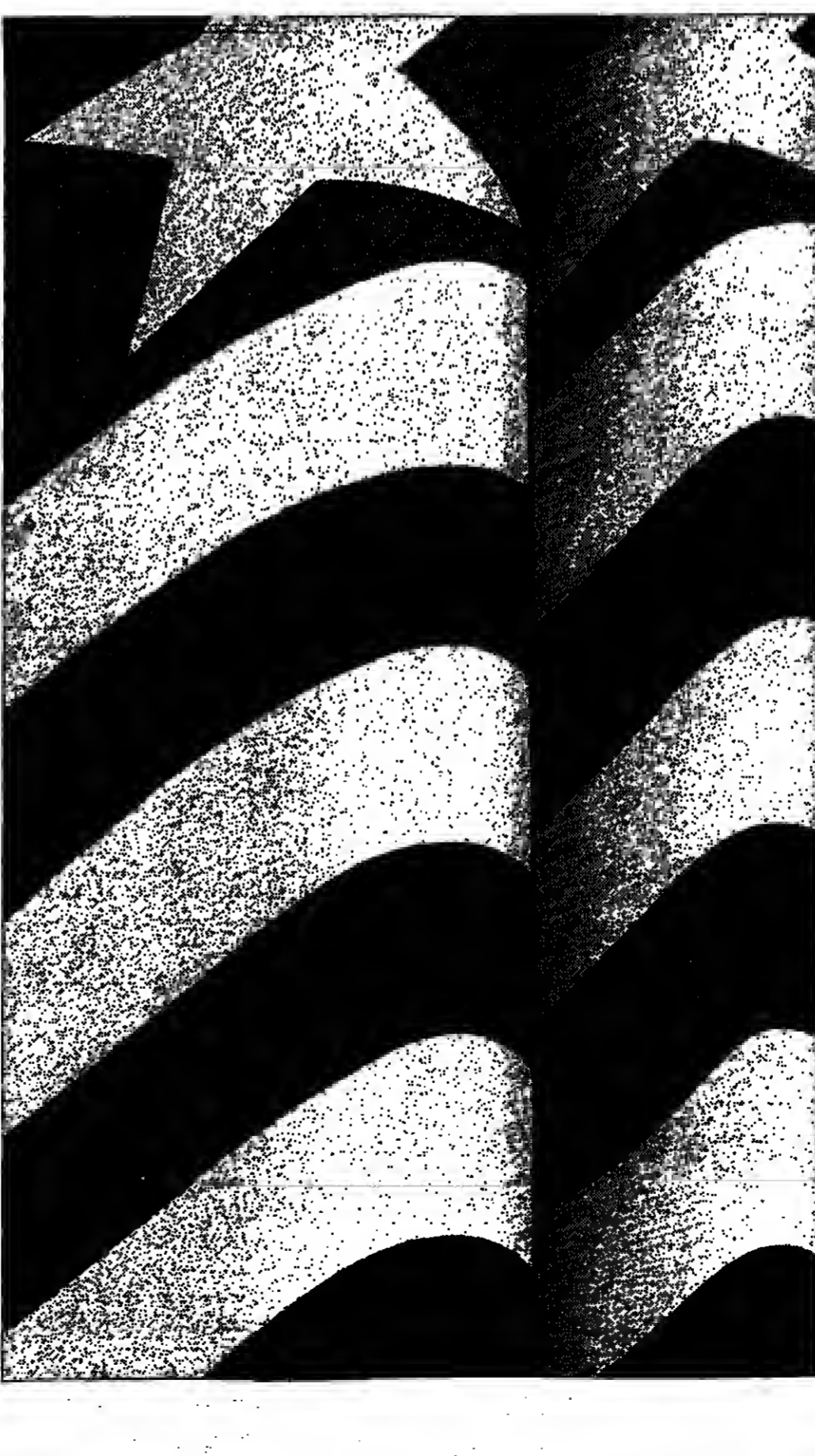
Obligatory dress for these occasions is the white homespun cloth (kadi) worn by Mahatma Gandhi.

The official notification of the elections has made clear that only five states will be holding simultaneous polls to state assemblies at the time of the general election on November 22 and 24. These are Uttar Pradesh, Karnataka and Andhra Pradesh in the south, and the small states of Goa and Sikkim.

Last week there were strong indications that all 15 states due to hold state assembly elections in March - including such large northern states as Bihar and Rajasthan - would hold simultaneous polls in late November. Prime Minister Rajiv Gandhi appears to have had second thoughts on this because of strains in his own provincial Congress parties.

The BJP, the Hindu militant party which hopes to emerge in the new Lok Sabha (parliament) as an arbiter of a split assembly, said the Government's backing away from further simultaneous polls showed the Congress Party was already "on the retreat".

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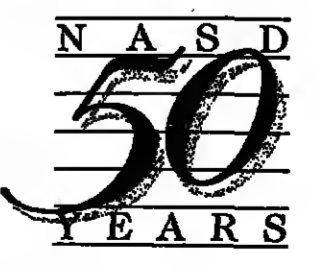
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Nepal counts the cost of defying Indian crocodile

David Housego on the impact of a trade dispute

There is a proverb in South Asia which says 'that if you live in a pond with a crocodile you should not fight him. Nepal is now counting the economic cost of defying popular wisdom by tussling with the Indian crocodile across its southern border.

The first impression of a visitor to Kathmandu is that the economy has responded with far more resilience to the conflict with India over trade and transit rights than could have been imagined six months ago.

Tourists are back in the country and boosting foreign exchange earnings. Exhaust fumes fill the major streets of the capital showing that even the 20 litre a week ration has not substantially cut down traffic. There are plenty of imported goods in the shops testifying to the liquidity of the Nepalese economy.

But first impressions are in this case misleading. Supplies of fuel for which Nepal totally depended on India before the conflict erupted in March are back to 80 per cent to 70 per cent of normal. But the aviation fuel that keeps the internal tourist flights in the air has to be flown in from Bangladesh or Bangkok. Kerosene on which villagers and hills people depend for cooking and heating is in short supply - which means either a difficult winter or a further rape of the already deforested mountainsides. A halt to coal supplies - until a recent purchase from Indonesia - brought the cement and brick industries virtually to a halt. In Kathmandu itself the combination of increased transport costs, shortages and additional tariffs has pushed up prices by an estimated 30 per cent to 40 per cent compared with a year ago.

Behind the specific issues of trade and transit on which the two sides split in March, the nub of the dispute is the resentment of the Nepalese regime at what it considers as the country's humiliating and long standing economic and political dependence on India. "We were too dependent on India," says Mr Ganesh Thapa, the Central Bank governor. "That has allowed them to exert leverage over us."

Western donor nations which provide just under a half of Budget resources and over 70 per cent of development expenditures have been pressing Nepal to be more flexible. The Nepalese Government asked for increased foreign assistance but has been told this is not possible because aid is tied to projects.

Projects are being held up by shortages of fuel and construction materials. The Nepalese have warned that it will be increasingly difficult for donors to make new aid commitments while there are still the uncertainties of the dispute with India. A new container transport system that the World Bank is willing to finance for example is not possible until Nepal and India have agreed on border entry points.

Donor nations believe that the long term economic cost of assuaging the regime's hurt pride will be high. Nepal, with a population of 15m, is one of the world's poorest nations with 40 per cent of the people suffering from malnutrition. Growth in real GDP slumped in the fiscal year ending July to 1.2 per cent from a recent average of 5 per cent - and could turn negative this year with a real drop of over 3 per cent according to international estimates. On one calculation Nepal, with a high population growth of 2.4 per cent a year, could face a decade of stagnation in per capita income if the trade and transit regime with India is not restored to what it was before the dispute. This would be the cost of restructuring the economy away from integration with India and from a trading system under which goods move freely across the border and almost without tariff - to a new pattern under which Nepal was treated like India's

other neighbours. Worse still, the cost of continuing friction with India could be the abandonment of long discussed joint hydro-electric projects which are Nepal's most promising source of future revenue. The largest of these is the projected \$3bn Sikkim Karnali dam in western Nepal with a generating capacity of about 15,000MW.

Of most immediate concern to the Nepalese Government is halting the outflow of foreign exchange that the dispute with India has caused. The reserves have fallen by about \$90m since March - reducing import cover from 6.7 months to about four. The main reason for this has been that exports to India accounting for 35 per cent of exports have virtually stopped while Nepal's import bill has remained as high. The Government intends to slash spending this year by between 10 per cent and 20 per cent. With little room for manoeuvre over current spending, the axe will fall on development expenditure. Mr Thapa says the cuts will have to be drastic both to improve the balance of payments and reduce inflation that has been boosted by recent over-runs in government spending.

The Government has also to take painful decisions over whether to lay off workers at state owned corporations which are piling up losses because of shortages of raw materials or intermediate goods.

Over 5000 jute mill workers have had to be laid off because jute can no longer be imported from India. Many other state owned plants have been working at from a quarter to 50 per cent capacity.

A further source of worry is that with the slowdown in the economy banks are having trouble in recovering loans. Repayments of interest and principal are believed to have stopped on more than a third of the loans of the two main commercial banks.

If the experience of the last seven months suggests that Nepal has the resilience to hold out longer, it also suggests that it will pay a heavy price for its assertion of national sovereignty.

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EUROPEAN NEWS

W German women make presence felt at work

David Goodhart looks at a quiet revolution in one of Europe's most conservative countries

WEST GERMANY'S female side is stirring. While in matters such as welfare the country compares with the feminist Scandinavians, until recently West Germany has remained unacceptably sexist.

An EC poll of 1987 shows West German men to be the most conservative in the EC (bar Luxembourg). The poll found that 58 per cent of men prefer their wives not to work, only two other countries, Luxembourg and Ireland, were over 50 per cent.

The number of working women has nevertheless been rising rapidly but at 39 per cent of the workforce, remains well below the OECD average. And a number of institutional obstacles - most notably rigid shop opening hours, mid-day closing of primary schools, and relatively few part-time jobs - makes it especially awkward to combine job and motherhood.

Some believe those obstacles have contributed to the country's worryingly low birth-rate. "Women have gone on strike because we have made it so difficult for them to combine jobs and children," says Mrs Ursula Engelen-Kafer, vice-president of the Federal Labour Office.

Another such woman Mrs Hanna Schoepf-Schilling, head of the women's department in the Health and Family Ministry, points out that only 4 per cent of professors are women. A similar percentage are in senior management posts but many have had to abandon marriage and family to get there.



A West German woman architect directs work on a building site

Democrat, says there is a radical change of attitude in her twenty year old daughter's generation - which boasts almost as many young women as men passing the university entrance exam. "They take equality of opportunity for granted," she says.

The current West Berlin state Government, the first to have a majority of women, is one sign that the times really are changing, at least in the political sphere. That majority is an indirect result of the quota systems for women now operating in the Social Democrat and Green parties.

Quotas are also being applied in public service management jobs in some parts of the country and is even favoured for her own party by the Christian Democrat, Mrs Rita Süssmuth, the first woman president of the Bundestag, and the most popular politician in the country.

Chancellor and Christian Democrat leader, Mr Helmut Kohl, is astute enough not to buck the trend and makes frequent reference to the new significance of the "woman

question" in his speeches; his party's last national conference in Bremen, however, saw a walk-out by leaders of the women's section in protest at lack of autonomy.

Things are also changing in the economy - more slowly than in politics but probably in the longer run to greater effect. Companies have become worried about a lack of skilled workers and managers, thanks to recent demographic trends, and are thus cherishing their women workers as never before. The increasing importance of service industries is also part of the reason that women now take three out of five new jobs.

Business magazines are crammed with articles about the rise of the woman manager, one of whom - Mrs Gertrud Hoehler - has recently caused a great stir at Volkswagen by being appointed to the board on a Dm 500,000 annual contract to act as a free-wheeling ideas woman. Daimler-Benz, not to be outdone, has offered a 7 year job guarantee for all women employees who want to have a child and then return to

work (up to 10 years if they have two children).

Germany, in other words, is catching up fast, and indeed may be over-taking other more "progressive" countries in its increasingly generous provision for over-coming the either job or child dilemma. An unlikely alliance of '68 generation women, concerned to give women more choice, and conservatives, worried about the disappearance of the "vult", has suddenly helped to give unusual political prominence to issues such as kindergarten places.

Kindergarten places have also, however, revealed the tension within that alliance. When Mrs Ursula Lehr, the Health and Family minister, recently suggested that Germany needed a few kindergarten places for the under-threes she was denounced as a destroyer of family life by many in her own party. Even Germans regard themselves as socially liberal often believe that women should stay full-time with their babies for much longer than the norm in similar countries, thanks,

says Mrs Schoepf-Schilling to "a conspiracy of Freudian doctors and ideological traditionalists". Nonetheless she is proud of the improvements this government has introduced. Currently women get six weeks paid leave before having a child and eight weeks after. That is supplemented by a child-rearing period of 15 months - soon to be raised to 18 months with the eventual aim of three years - during which time women are paid Dm 600 a month by the state (means-tested after six months), have their social security and pension contributions paid by the state, and have their job guaranteed. More money is also going to raise monthly child allowances and for schemes to reintegrate women into the workforce after children.

The old feminist demand for house-work and child-rearing to be recognised as work may thus be coming closest to realisation in conservative Germany, albeit partly to stimulate higher baby productivity. Even diplomats spouses are soon to receive special payments for "cooking

for Germany". For the Social Democrats this quiet revolution, which already seems to be bringing babies back into fashion, is not generous enough and too tilted towards keeping women in the home. They want higher child allowances, more kindergarten places, and schools to stay open in the afternoon. They also want to reform the tax-splitting system which gives substantial tax advantages to couples in which one partner is not working, even if they have no children, and is seen by the Social Democrats as a straight bribe to keep women in the home. A Social Democrat-led coalition in Bonn would certainly give an even higher priority to women's politics.

Men have accepted the quiet revolution but without enthusiasm. "German men have one of the best power situations in the world, why should they give it up?" asks Mrs Engelen-Kafer. She says women have fought for the recent achievements and points to the nurses strike earlier this year - the first since the war - as a sign of the times.

Even inside the Social Democrats or the alternative culture of the Greens, males have acquiesced in the changes rather than supported them, according to Miss Martina Stadtmayer, a social affairs writer for the left-of-centre Der Spiegel magazine. "Green culture has not yet produced a new man, they are not much more willing to do housework or share in child-rearing than the others," she says.

Miss Barbara von Ow, another journalist in her late twenties, feels especially sorry for the many lonely professional women in their mid-40's who have made careers at the expense of family and marriage. "We must escape from breeding these 'one-sided' women - who sacrifice everything for either family or career - and end up equally unhappy," she says.

Mrs Schoepf-Schilling believes Germany is groping towards an even more ambitious revolution. "Emancipation in countries like the US has been about women behaving like men. Coming later we have a better chance to create freer women who remain women," she says.

High unemployment clouds optimistic economic forecast

By Haig Simonian in Frankfurt

THE THREAT of continuing high unemployment remains virtually the only cloud over an otherwise optimistic forecast for the West German economy, according to the country's five leading economic institutes in their latest economic report released yesterday.

Looking to real growth of 4 per cent this year, 0.5 percentage points above the European average, the five institutes say that growth in 1990 will only slip to 3 per cent in real terms.

However, inflation is expected to remain at a high 3 per cent by German standards. While the continued pace of economic growth is likely to be the culprit for some of the pressure on prices, the rate of real growth in private demand is likely almost to double from 2 per cent this year to 3.5 per cent in 1990 thanks to the government's tax reform, the institutes say.

However, in their twice-yearly report, the institutes focus attention on the likely outcome of crucial wage negotiations next year, which could hold the key for Germany's economic performance beyond 1990.

Against a background of increasing pressure from I G Metall, the German engineering union, for real wage increases and a gradual move to a 35 hour week, the institutes warn that inflation could take off if pay claims rise out of hand next year.

Meanwhile, the institutes also warn of a looming skills shortage in German industry despite the continuing huge inflow of immigrants from the German Democratic Republic and other east European countries. Some 370,000 new workers would come onto the labour market next year, over half of whom would be re-ages, the institutes argue.

While the German economy would still have the capacity to take on such new arrivals, unemployment is set to remain around the two million mark.

Welcoming the institutes' findings yesterday, both Mr Helmut Haussmann, the federal minister of economics, and

Mr Thomas Waigel, the Finance Minister, both drew attention to the need for continued moderation in pay claims which they argued had contributed to the recent strong pace of growth and price stability.

In particular, the ministers claimed that reduced hours would intensify the shortage of skilled workers, and in turn lower the number of jobs available throughout the labour market.

By contrast, Mr Wolfgang Roth, the economic spokesman for the opposition Social Democrats, said the institutes' stress on using the current high levels of growth to cut unemployment was entirely in line with his party's policy.

The institutes cautioned that if prices were to surge then the Bundesbank, West Germany's central bank, should refrain from raising interest rates. An interest rate hike would further weaken the West German economy at a time when a downturn was already happening. Mr Hans-Joergen Schmeiß of Hamburg's IWWA institute told a news conference.

The Bundesbank this month raised its key market rates by a full percentage point to their highest level since 1982, triggering a round of interest rate rises across West Europe.


West Germany, where industry specialises in high quality engineering products, would suffer more than other countries from this latest tightening of monetary policy.

"The rise in interest rates will dampen worldwide demand for investment goods. West Germany as one of the biggest exporters of investment goods will be affected disproportionately by this development," the report said.

Income tax cuts planned for next year would stimulate domestic demand in West Germany but this would not compensate for the fall in foreign orders for the country's products.

The five research institutes are the Berlin-based DIW, Hamburg's IWWA, He of Munich, the Kiel Institute and RWI of Essen.

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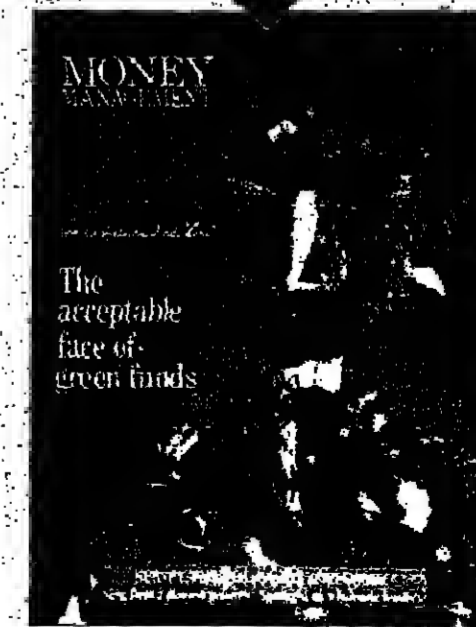
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Lower estimate of aid for earthquake

By Peter Riddell and Louise Kehoe

TOTAL Federal assistance for the northern Californian earthquake will be between \$2bn and \$3.5bn, the Bush administration yesterday estimated.

This is less than the total of around \$3bn estimated by Congressional leaders which was yesterday being considered by House and Senate committees.

Mr Martin Fitzwater, the White House press spokesman, said about \$1bn would come from existing funds, with the rest being raised through supplemental appropriations that would increase Federal borrowing.

But since the October 15 deadline for including spending under the Gramm-Rudman deficit reduction law has passed, it will not count in the efforts to reach deficit targets and no new taxes will be required.

The San Francisco Bay area's 3m commuters, many returning to work for the first time since last Tuesday's earthquake, faced huge traffic blocks yesterday, with conditions made worse by a rain storm that caused mudslides and flooding on several roads.

Earthquake damage to the San Francisco Oakland Bay Bridge has cut off one of the arteries into San Francisco from the East Bay.

The collapse of the Nimitz freeway has severely affected traffic flow near Oakland. To the south, the major route between Santa Cruz and Silicon Valley is closed. Dozens of other streets and highways are partially blocked. Long detours are doubling the average 45-minute commuter journey.

Transit authorities are demanding that people abandon their cars and make use of a hastily expanded public transport system. Those who must drive should car-pool, said the chairman of the Metropolitan Transportation Commission, Mr Rod Diridon.

"We've got to convince people that it's not business as usual and that it won't be business as usual in some places for years," Mr Diridon said.

Backers of abortion rights find their voice

Public opinion is swinging back towards the 'pro-choice' lobby, writes Lionel Barber

NEW confidence is surging through the abortion rights movement in the US as it senses that the public mood may at last have shifted in its favour.

Starting with street marches in major cities and a collective effort to target for defeat elected officials who are against abortion, the 'pro-choice' campaigners have been seized with an activism more readily associated in recent years with the anti-abortion movement.

Under the courtship of President Reagan, the 'pro-life' anti-abortionists grew as a political force to the point where there are some 3,000 groups at state level. But their strength has been accompanied by an intolerance, which ranged from sit-ins to firebombings of abortion clinics.

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there are more pressing political issues to discuss.

The House of Representatives broke eight consecutive years of voting banning Federal funding of abortions for poor women who are victims of rape and incest. Mr Bush, once "pro-choice" but now against abortion, vetoed the bill at the weekend but only after some protracted fence-straddling.

Public opinion polls show a five-to-ten-point shift in favour of allowing women the right to choose. Polls fall to register intensity, a leading indicator of political activism on the abortion issue, but a shift has definitely occurred.

What is striking about these developments is that they follow a Supreme Court ruling last July which many hailed as a triumph for the anti-abortion movement and a setback for the pro-choice campaigners. In the ruling, the Court gave the individual states substantial leeway to limit abortions and invited further challenges to the 1973 Roe v Wade which established a woman's right to terminate her pregnancy.

In fact, the ruling seems to have galvanised the evangelical abortion rights groups. This "silent majority" is now speaking out. The result is a general



Governor Casey of Pennsylvania is still hopeful of restricting abortion

reluctance among politicians to tamper with the status quo. As Mr Tom Gustafson, the Florida House Speaker, said: "People do not easily give up their rights, whether it is the freedom of the press, freedom of speech, or freedom of choice."

This proposition is about to be tested in two important gubernatorial races next month, in Virginia and New Jersey, which could confirm longer-term trends in the public mood. In Virginia, Mr Doug

Wilder, a black Democrat who serves as lieutenant governor, has consciously made abortion a top issue in the campaign - a tactic which has rattled Mr Marshall Coleman, his anti-abortion Republican opponent.

Mr Wilder has turned the abortion issue into a question of whether the Government has the right to interfere in the right of individuals to choose - a clever reworking of Ronald Reagan's refrain "getting government off the backs of the people" which largely applied to the economic arena.

"Wilder is trying to attract the yuppies who voted for Reagan on economic grounds but who have remained liberal in their social views," said one Democratic strategist.

In New Jersey, Mr Jim Courter, a conservative Republican, has already trimmed his views from outright opposition to abortion to something in-between. "I'm not going to impose my pro-life views on New Jersey's three and a half million women."

Yet it would be foolish to apply these trends nationwide. In Pennsylvania, for example, Mr Bob Casey, a Democrat governor who is anti-abortion, may well succeed in persuading sufficient Republicans and

Democrats to enact restrictions in this heavily Catholic state. Equally, Mr Martinez's defeat in Florida may well say more about his unpopularity than about abortion itself.

Mr Haley Barbour, a Republican strategist, says the future political issue will be not whether a woman has an absolute right to have an abortion but under what circumstances, how will it be regulated, should minors have to have the consent of their parents.

Perhaps the best indication that the tides are shifting is the discomfort felt by Mr Bush who, after appealing for "flexibility", vetoed the House bill providing Federal funds for abortion in the case of rape and incest. His veto was on narrow grounds: he believes the Federal Government should only pick up the bill when the mother's life is at stake.

The Democrats, in the meantime, have had a field day accusing Mr Bush of being heartless and out of touch with the problems of poor people. Their mood is best captured by a joke going the rounds in Washington: "The Republicans are showing real interest in child welfare - right from conception to delivery."

El Salvador guerillas criticise peace talks

By Tim Coone in Managua

EL SALVADOR'S peace talks will need a higher-level delegation from the government if they are to make progress, according to a leader of the Faribundo Marti Liberation Front (FMLN), the anti-government guerrilla movement.

Talks between the right-wing government of President Alfredo Cristiani and the left-wing guerillas ended in Costa Rica last week with only an agreement to continue talking next month in Caracas, Venezuela.

Commander Nidia Diaz, one of the FMLN guerrilla leaders who participated in the FMLN delegation to the San Jose talks, said "on numerous occasions it was not clear whether the government representatives were talking for themselves or for the government."

More than half of the government delegation were neither members of the government nor the ruling ARENA party, and were simply personal representatives of President Cristiani, she said. The FMLN delegation, meanwhile, had several

of its top guerilla commanders capable of making immediate decisions at the peace talks. Commander Nidia Diaz said that in the next round of talks "if the government does not include people with decision-making power from the army, then we shall have to re-evaluate our own approach to the negotiations."

After the San Jose talks broke up, President Cristiani accused the FMLN of making "absurd" demands and claimed that the FMLN had insulted his delegates.

Commander Nidia Diaz denies this saying "There were no insults. The climate was more mature than in the earlier talks in Mexico."

She said the FMLN had arrived in San Jose with a series of fleshed-out proposals regarding judicial and constitutional reforms which could lead to a definitive ceasefire. The government, however, reiterated its stance that the ceasefire should come before talks on reform.

UN observer optimistic on Nicaragua election process

By Tim Coone in Managua

MR Elliot Richardson, personal representative of the UN Secretary-General, who is in Nicaragua to oversee the country's electoral process, has made a positive evaluation of his first fact-finding mission.

A UN electoral observation team, ONUVEN, was established in Nicaragua last August and will operate until just after next February's general elections. Mr Richardson said: "I am impressed by the quality of leadership of ONUVEN and by the conscientiousness and thoroughness with which it is carrying out its role. We constitute a UN presence and it is important that we are perceived to be impartial."

He said that ONUVEN has established "a good working relationship" with Nicaragua's electoral body, the Supreme Electoral Council (CSE).

It is the first time that the UN has ever participated in an election-monitoring role in an independent state.

Its first official report made to Mr Javier Perez de Cuellar, UN Secretary-General, last week notes that in an analysis of 103 rulings and agreements made by the CSE "does not reveal bias towards the governing party. On the contrary, the decisions referred to show the Council as open-minded and flexible and its decisions seem rather to benefit the opposition parties."

ONUVEN has had 27 observer teams travelling around the country observing the voter registration period of the elections and which finished last Sunday. They have visited 25 per cent of the 4,392 polling stations in the country.

ONUVEN will expand its team as the elections approach and on election day, February 25, will have some 200 observers visiting polling stations.

"Given a free and fair election, I would see no obstacle to the establishment of a constructive relationship between the two countries," he said.

Mexico to cut subsidies to food producing chain

By Richard Johns in Mexico City

MEXICO'S state-owned food producing and distribution chain, Compania Nacional de Subsistencias Populares (Conasupo), is to be restructured and streamlined with the sale of manufacturing plants and retail outlets to workers' co-operatives, labour unions or the private sector.

The Government's objective is to slash subsidies from a level of over pesos 2,500bn (668bn at the current exchange rate) expected this year and redirect them. Last year about 45 per cent of the loss-making company's pesos 3,890bn budget was subsidised and transfers from the Ministry of Finance were exceeded only by those to the Comision Federal de Electricidad.

"The real aim is to narrow the purchase-sales gap so that subsidies can reach those who

really need them," Mr Ignacio Ovalle Fernandez, director of Conasupo, said at the weekend. Conasupo will only buy at guaranteed prices two staple commodities, maize and beans, rather than 10 as hitherto. This change will be attacked by the left-wing opposition and cause misgivings within the ranks of the ruling Institutional Revolutionary Party (PRI).

The shift of policy is related to the reform programme for the troubled agricultural sector which President Carlos Salinas de Gortari is expected to announce next month.

Conasupo is to limit its basic agricultural production activities to maize and milk.

General strategy, as outlined by Mr Ovalle, is to benefit Mexicans in real need rather than to subsidise foodstuffs for the whole population.

Argentine generals to debate future of rebel leader Seineldin

By Gary Mead in Buenos Aires

GENERAL Isidro Caceres, Argentina's army chief of staff, today meets other officers to decide the future of Colonel Mohammed Ali Seineldin, the country's most senior rebellious officer.

The meeting in Buenos Aires between Gen Caceres and generals on the army's Promotions Board is the most difficult decision for the chief of staff since he was appointed to the post by President Carlos Menem in July.

Last week Lieutenant Colonel Aldo Rico, another well-known rebel officer, was once more cashiered and expelled from the army on a decision by Gen Caceres.

Lt Col Rico led two military rebellions (in 1987 and 1988) to press home demands for a general amnesty for officers involved in the "dirty war" of the late 1970s. He was first cashiered for that insubordination but his rank was restored in order that he could stand trial.

However, none of the army rebels was brought to trial before President Menem's decision, at the beginning of October, to grant a complete pardon to all those involved.

That decision meant the formal sacking from the army of Lt Col Rico (who still has two chances of appealing against his expulsion), and potentially all other rebels.

The most awkward case concerns that of Col Seineldin, who last December brought out the self-described "national army" in its third and most serious rebellion against the Alfonsin Government.

Unlike Lt Col Rico, Col Seineldin has maintained a strict silence since then and has eschewed involvement with political issues. Moreover, although his indiscipline was the most flagrant example of a senior military officer refusing to subordinate himself to civilian control, Col Seineldin is a personal friend of President Menem's wife, Zulema.

Sources close to both government and Col Seineldin suggest that the army, far from deciding to force his removal from the army, may in fact promote him to the rank of brigadier general before the end of the year.

It is believed that President Menem wishes to see that promotion, against the views of other senior army officers who regard Col Seineldin as having seriously breached army discipline.



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WORLD TRADE NEWS

US unveils plan to liberalise trade in services

By William Dullforce in Geneva

THE US yesterday unveiled its blueprint for a multilateral agreement that would liberalise the \$600bn world trade in services...

Washington to table farm trade reforms

By Nancy Dunne in Washington

THE US is expected tomorrow to table a major proposal for farm trade reform in the Uruguay Round...

Aeroflot in talks to buy 10 Airbus

By William Dawkins in Paris

AEROFLOT, the Soviet national airline, is negotiating to buy up to 10 passenger aircraft from Airbus Industrie...

The decision was followed by clearance for Boeing to sell aircraft to Poland and Romania and for Airbus to sell another two A-310-300s to CSA...

Lockheed, Hutchison in China venture

By John Elliott in Hong Kong

A \$7m (\$4.3m) joint venture in China involving Lockheed of the US and Hutchison Whampoa of Hong Kong is to be launched formally...

Israel in talks on post-1992 links with EC

By Hugh Carnegie in Jerusalem

ISRAEL is starting to consider, somewhat late in the day, the consequences of the European Community's 1992 single market programme...

Israel is concerned to see it will not suffer from competitors within the EC benefiting from the disappearance of internal customs barriers...

Korea 'dumping' action waived

By William Dullforce in Geneva

The European Community said yesterday it would take no action against dumping of polyester film by South Korean producers...

France and US discuss Brazilian missile deal

By William Dullforce in Geneva

TALKS are under way between the US and the French governments over the controversial sale of missile technology to Brazil...

The proposed launcher would be supplied by McDonnell Douglas. The Matra-Spar package is accompanied by an offer to provide Viking launchers...

India order for UK

Davy Corporation has been awarded an order from India's Birla group to set up a plant for hot-briquetted iron north-east of Bombay...

CFEM Entrepreneur Industries the constructor of the Louvre Pyramid now becomes EIFFEL Construction Metallique. Includes image of the Louvre Pyramid and company details.

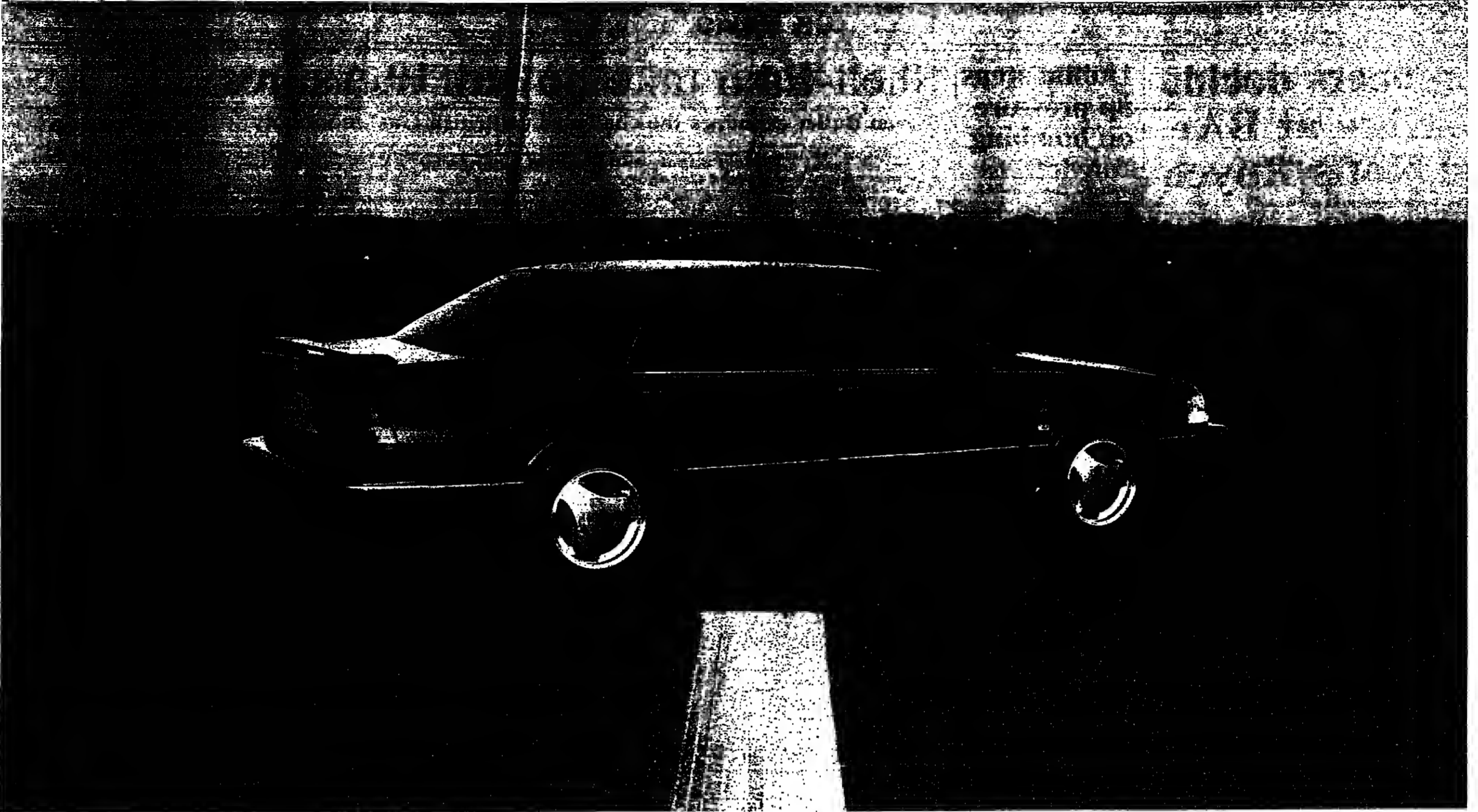
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are today by people thinking you're getting ideas above your already lofty station.

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UK NEWS

Engineers decide to strike at BAe and Rolls-Royce

By Michael Smith, Labour Staff

ENGINEERING UNIONS are to stage indefinite strikes at two plants owned by British Aerospace (BAe), the aircraft manufacturer and defence contractor, and at one owned by Rolls-Royce, the jet engine and luxury car manufacturer.

The strikes from next Monday were announced after the unions won strong support from manual workers in their national campaign for a shorter working week.

They said they would call off the action only if the employers negotiated a settlement during the next week.

They also plan to campaign among workers at four other engineering companies - Lucas, GKN, Weir Industries and Cattons - with the aim of organising selective strike ballots in four weeks.

The Engineering Employers' Federation (EEF), which is co-ordinating the response of its 5,000 member companies to the 35-hour week campaign, said it was difficult to see how the strikes at Rolls-Royce and British Aerospace could be avoided.

Mr Peter Ball, EEF director of operations, said: "Even with the best will in the world it is beyond me to see how a settlement could be reached within a week," he said.

The unions have selected the

British Aerospace plants at Preston and Chester and the Rolls-Royce plant at Hillingdon, Glasgow, as their strike targets after ballots at seven manufacturing sites throughout Britain that support for an hours reduction was strongest there.

Overall, the ballots at the seven sites, employing 24,000 workers, showed that 8,995 manual workers were in favour of striking and 7,576 were against. Voting among manual workers was 7,706 in favour and 3,935 against.

There was, however, little enthusiasm among white collar workers who rejected strike action by 3,641 votes to 1,099. MSF, one of the biggest unions, did not win a majority for action among white collar members at any of the sites.

Mr Roger Lyons, assistant general secretary, said the campaign for a reduction in hours for white collar staff would continue and indicated that overtime bans may be adopted as a tactic.

The EEF said the unions had failed to win widespread support in spite of a six-month campaign. At four plants - BAe in Kingston, Rolls-Royce in Coventry, Smiths Industries in Cheltenham and NPL-Parsons in Newcastle-upon-Tyne - there were overall majorities against action.

Ambulance dispute grows as workers are suspended

By Fiona Thompson, Labour Staff

THE six-week long ambulance dispute escalated dramatically yesterday when crews in London who refused to work normally were suspended without pay and police officers were drafted in to help deal with 999 emergency calls.

Of the capital's 71 ambulance stations, 62 were closed last night, up from 45 closed earlier in the day. A meeting between London Ambulance Service management and ambulance convenors aimed at breaking the deadlock broke down after the unions refused

to lift four work-to-rule restrictions.

Mr Tom Crosby, head of the London Ambulance Service, had demanded the lifting of four union bans: on workers taking radio calls; a refusal by staff to be transferred to another station; on using emergency vehicles to carry non-urgent patients; and on transporting non-urgent patients from hospitals.

The leaders of London's 2,500 ambulance staff refused and are to meet this morning to consider their next move.

Dublin steps up pressure on bombing convictions

By Kieran Cooke in Dublin

FOLLOWING last week's release of the Guildford Four, the Irish Government is in the process of stepping up pressure for a review of other cases where it feels people have been wrongly convicted of crimes related to Ireland by the British courts.

The Guildford Four, alleged IRA members jailed for a bombing campaign on the British mainland 15 years ago, were last week released after new evidence proved they had been wrongly convicted.

Mr Charles Haughey, the Irish Prime Minister, has said that the Guildford case had proved "that the system of justice can go completely wrong and be completely subverted".

"These dramatic revelations in relation to the Guildford Four mean the whole situation must be totally reviewed from the bottom up," said Mr Haughey.

The Irish Prime Minister said that in particular the case of the Birmingham Six should be urgently reviewed.

The six - William Power, Hugh Callaghan, John Walker, Patrick Hill, Gerald Hunter and Noel McKelvey were given 21 life sentences each, killed by the IRA in the 1974 Birmingham pub bombings.

The six were convicted on their own confessions and scientific evidence which has been called into question.

It is believed the Irish Government is now preparing a fresh submission on the Birmingham Six case to be handed to Mr Douglas Hurd, the British Home Secretary.

The submission will argue there are marked similarities between the convictions in the Guildford and Birmingham cases and after last week's events, the Birmingham case must be re-examined.

Mr Gerry Collins, the Irish Minister for Foreign Affairs, will shortly be contacting Mr Hurd on the Birmingham six case.

In September Mr Collins had a meeting with Mr Hurd at which it was believed the Irish Government's concern about the Birmingham Six convictions was strongly expressed.

Shell-Esso take no half measures

Steven Butler examines the challenge to British Gas' monopoly

Complaints from industry about British Gas's prices and terms of contract have grown louder since it was privatised in late 1986. Dissatisfied customers may now be offered an alternative.

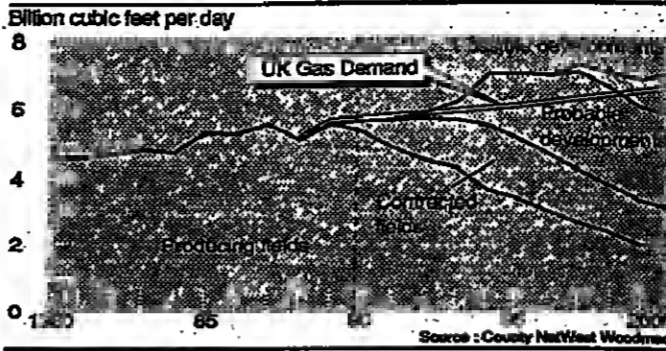
Objections to the information demanded before signing a supply contract and complaints about discriminatory prices led to British Gas being referred to the Monopolies and Mergers Commission in 1987. The commission recommended that British Gas publish non-negotiable price schedules and be barred from buying all the North Sea's gas output, as it had always previously done.

The aim was to stimulate a fully competitive industrial gas market by letting potential competitors know the going prices and by making supplies available. Until yesterday it remained unclear whether North Sea producers would merely comply with the letter of the requirement that they sell at least 10 per cent of their gas to other than British Gas, or whether they would plunge into the market to build up volume to the extent the business warranted.

With the launch yesterday of Quadrant Gas, a joint venture between Shell and Esso it is clear that Britain's biggest oil producer - the 50/50 production venture the two companies operate in the North Sea - has decided against half measures. It is also clear British Gas has a serious competitor, with access to immediate gas supplies.

The monopolies commission recommended last year that British Gas be restricted to buying 90 per cent of the output of new fields, but the Gov-

Gas Supply and Demand Balance by Field Category



ernment modified this to allow an average procurement of 90 per cent over two years, with the further proviso that this must not result merely in a few large contracts to power plants or other big users. The government wanted head-on competition with British Gas across the range of the business. It now appears almost certain to get that.

In addition to Quadrant, Agas, which is owned by Associated Heat Services of the UK and Hadsen, a US gas supplier, has made progress. Mr Bill Wilycombe, its deputy chairman, said yesterday it had signed provisional contracts amounting to 200m therms a year, roughly 2 1/2 per cent of the industrial and commercial market. Agas is still negotiating gas supplies with North Sea producers and expects to reach agreement within months.

A dispute between Agas and British Gas earlier this year over the terms of gas transport and back-up supplies led to intervention by the Office

only standardised contracts and some have complained loudly about the terms.

Last week British Gas modified its contract terms. Among other things, it eliminated minimum mandatory interruption periods for customers on interruptible contracts, extended provisions for aggregation of gas contracts at multiple premises to achieve reduced rates and smoothed out the gradation between volume/price bands to eliminate incentives to waste gas to get a lower price.

British Gas has had repeatedly to defend itself against accusations that it charged a monopoly price for its product higher than continental European prices. British Gas argued that international comparisons are almost impossible to make because of exchange rate movements, price indexing differences, and alternate energy prices in each market.

The only constraint on competition is likely to be the relative scarcity of supplies. Quadrant has some immediate supplies from within the Shell-Esso system, but may have to wait several years for significantly greater volumes of production to become available from new fields. It intends to rely on the Shell-Esso joint venture for the bulk of supplies.

Recent exploration success in the North Sea has left a long queue of possible development projects, and operators are keen to bring developments on stream as quickly as possible. With a potential abundance of supply in a few years, and the prospect of competition among suppliers, the 1990s looks more and more like a buyers market.

Ridley attacks US investment restrictions

By Ralph Atkins

ATTEMPTS TO restrict investment by foreigners in the US were attacked yesterday by Mr Nicholas Ridley, trade and industry secretary.

Overseas companies - including those from the UK - investing in the US face more than a verbal assault, Mr Ridley said. Legislative proposals have been put forward targeted at foreign investment.

He stressed the "enduring

closeness" of economic relations between the two countries and encouraged further investment in the UK by US companies. Each country is the other's largest single investor.

Speaking to the American Chamber of Commerce in London, he warned: "The international economy must not be hampered by damaging constraints on foreign investment."

Mr Ridley said the UK had strong backing from the US administration in trying to stop Congress inhibiting foreign investment. He highlighted three measures that had been proposed.

● The "Bryant" bill. This had failed to be adopted this year but would have required foreign companies to detail US investments.

● The "Markey" bill to prevent foreign ownership of cable TV.

● Proposals in the tax bill currently before Congress, including the imposition of "burdensome" reporting requirements on foreign companies.

Mr Ridley said: "Countries with restrictive regimes for inward investment invariably have worse economic performance than those with open regimes."

In Brief

Shipping insurance premiums likely to rise

THE UK Protection and Indemnity Club, which insures a quarter of the world's shipping, said yesterday its premiums would rise by 50 per cent because of a sharp rise in claims over the last two years. It blamed the increased liabilities on the rise in business in the world shipping industry, which had brought into service badly maintained ships with inexperienced crews, worsened by disasters such as the oil spill from the Exxon Valdez in Alaska.

US-Ulster plant

Data-Design Laboratories, US electronics group, is to create 150 jobs in the next three years with a £2.5m Northern Ireland plant backed by the province's Industrial Development Board.

Stansted link

Contractors for British Rail completed the first stage of tunnelling and track-laying work on a 2.5km line which will link London with the new £400m terminal at Stansted Airport, north east of London.

Scapa investment

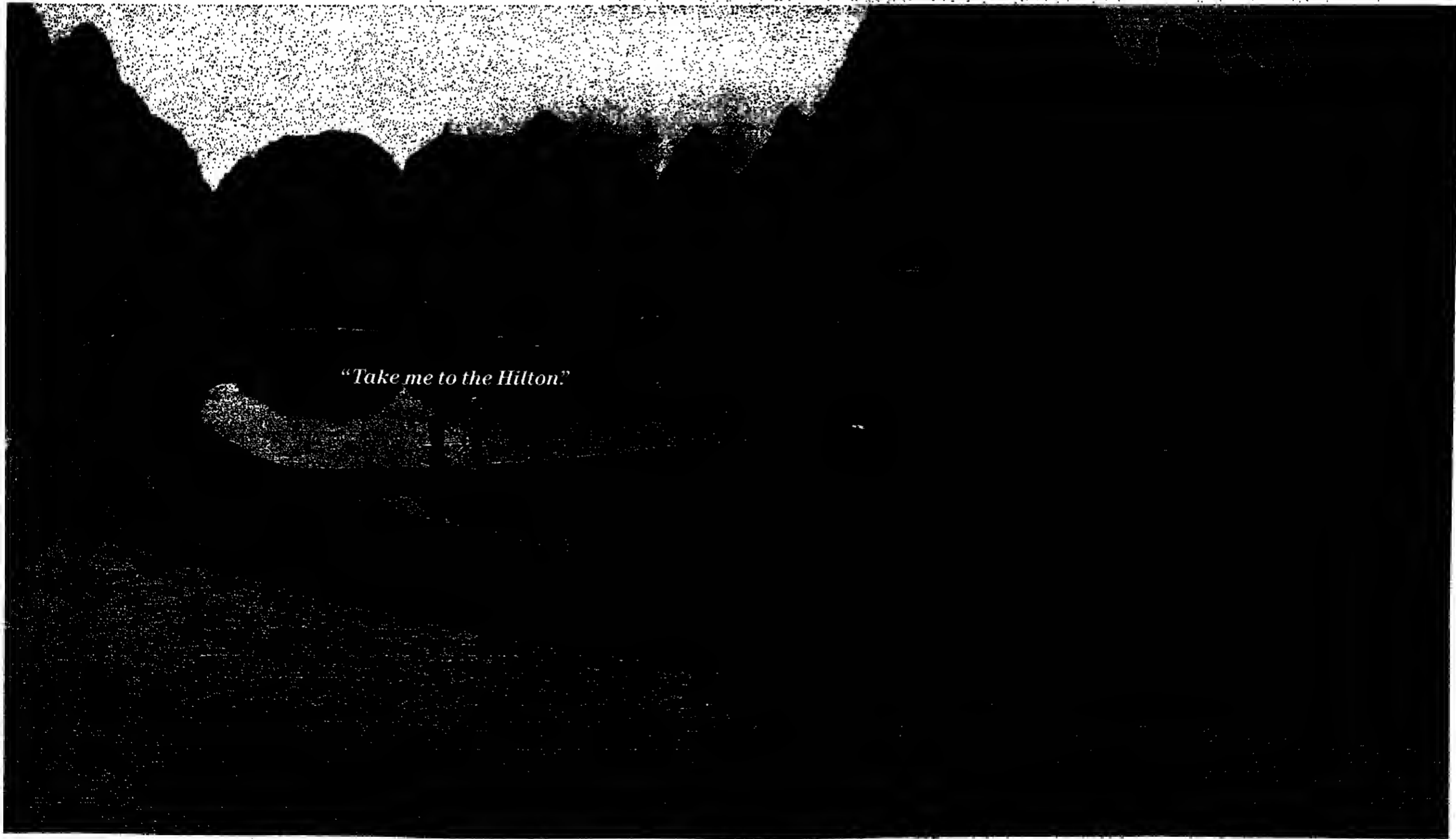
Scapa Group, engineered fabrics and industrial materials maker, has announced a five-year £12m investment at its Perseverance Mills, its Lancashire subsidiary with plants in Padiham and Blackburn, creating 30 jobs.

ABB contract

Lakeland power, a company led by Asea-Brown Boveri, Swedish-Swiss power plant group, has landed the first long-term contract to supply electricity after the restructuring of the UK power, to supply 7 per cent of the electricity needs of the North West Electricity Board over 15 years.

Exchange merge

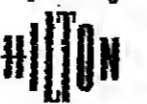
THE Stock Exchange is shortly expected to announce a merger between the Unlisted Securities Market (USM) and the Third Market to comply with new EC regulations.



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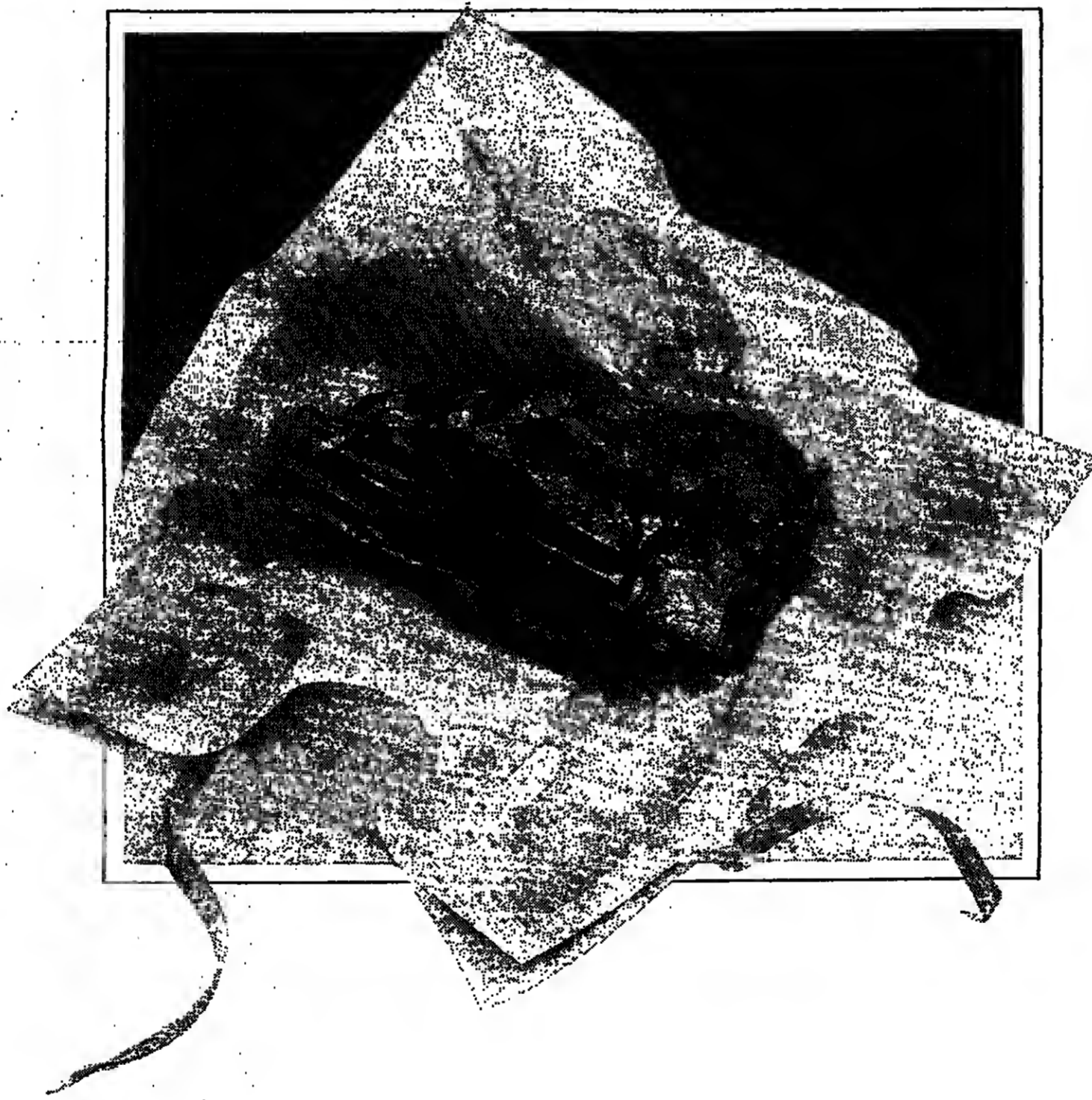


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Woolwich breaks ranks with loan rate at 14.25%

By David Barchard

THE WOOLWICH building society, Britain's third largest home loans and savings institution, yesterday broke ranks with other societies and announced a new mortgage rate undercutting the one set by Halifax two weeks ago.

The new rate is to be 14.25, or 0.25 percentage points below the rate set by the Halifax in the wake of the latest increase in banks' base rate.

There was some speculation at the time that other building societies might set their own rates higher than those of Halifax whose rate has been the standard for the industry in recent years.

Woolwich's move may spark off a price war between building societies and has certainly made life much harder for those large building societies contemplating raising their mortgage rates to levels above those of Halifax.

Mr Donald Kirkham, chief executive, said yesterday Woolwich had decided to narrow the margin between its lending and savings rates. The society is raising its rates to depositors by 0.75 percentage points in line with the industry as a whole.

"We shall shortly be announcing substantial profits for the financial year ended 30 September," Mr Kirkham said. "We feel that Woolwich borrowers should benefit from the lowest possible rate at a time when family budgets are under severe pressure."

In an unmistakable reference to Abbey National's decision to shed mutual status and float on the stock market this year, Mr Kirkham said "The Woolwich, as a building society, as opposed to a PLC, aims to optimise rather than maximise its profits after providing very competitive rates for borrowers and savers."

Building Societies attracted £81.8m from individual savers in September, an increase of £200m on August and the fourth highest figure this year, the Building Societies Association announced yesterday.

Net mortgage advances, actual lending minus repayment of loans, were the highest this year at £2.25bn.

Severn tidal barrage to create up to 30,000 jobs

By Maurice Samuelson

THE proposed £3.2m electricity-generating barrage across the Severn estuary, south west England, would create between 10,000 and 30,000 jobs in the area but would need an injection of public funds, according to the consortium behind the latest plan.

The Severn Tidal Power Group, a consortium of six leading engineering companies, said it hoped to be able to start work in about eight years. But Sir Frank Gibb, chairman of consortium member Taylor Woodrow, commenting on the latest study of the project, said that as one of the country's highest ever capital projects it could not be financed solely from private funds.

He said there would be "a better chance" of public funding under a future Labour government than under the Tories. He also expected financial support from the European Community.

Regardless of the Government of the day, he believed it should receive public backing because of its benefit to the environment and its long-term economic advantages.

GA beats a path to the door of the homeowner

By Eric Short

GA LIFE, the life assurance and financial services arm of the General Accident Group, is setting up a direct sales team for selling life assurance and other financial services to its estate agency customers.

The new sales force, which will be remunerated on basic salary plus commission, will work in close liaison with GA's estate agency operation - General Accident Property Services - giving financial advice on such financial matters as investments, pensions, inheritance tax, and dependent protection to customers who already have a mortgage-related life policy with GA Life.

The estate agency staff are authorised to advise on mortgage-related life products.

General Accident has always envisaged that its estate agency network would, in due course, become an additional distribution outlet for all its personal insurance, both life and general insurance, and its investment products.

For the present at least, General Accident does not intend existing staff at the estate agency office should become in-depth financial services experts and be directly involved in market the whole range of services.

The proposed direct sales force will be trained to cover the whole investment field. The estate agency office will provide a client list for the salesman, who, once the house transaction has been completed, will follow up by letter as to whether the client is interested in other products.

If the client is interested, an interview will be arranged either at the estate agency office or at the client's home.

GA Life is planning to recruit 200 salesmen and is currently involved in regional recruitment.

The new sales operation is being introduced in phases, starting in Scotland and other regions next year.

City anchormen show off their assets to the viewers

Rachel Johnson examines analysts as seen on TV

AS THE City of London gears up to the good or bad news in today's monthly trade figures, part of the preparation for London's financial institutions is to brace themselves to face the Press.

At the slightest tremor in the markets, banks and securities houses are expected to open their doors to the media. The dilemma is while the financial institutions are generally eager for publicity, what they say can be extremely sensitive.

Television crews like to film deep in the City to try to explain the latest crisis in the share-owning public. In its turn, the City has been adept at making capital out of media interest, and camera crews are a common sight on the trading floors. The institutions are equally keen to project the right image and they have strict rules about who is allowed to say what.

The image is familiar: the analyst - who holds forth from the trading floor rather like a top station's anchorman - speaks to camera about upheavals in the equity markets, or the impact of the latest trade figures on sterling.

In the background, traders and dealers are doing their stuff - shouting across the trading floor, or into two telephones at once, while keeping eyes on banks of screens.

It gives a strong impression that City life consists of high-level economic analysis by the resident "global strategists" relieved by frantic transacting during a stock market panic.

Movies such as Wall Street and Capital City, the new TV soap series, perpetuate the high-gloss image of City life. The financial institutions know this portrayal sells too, and some, such as securities houses Barclays de Zoete Wedd and UBS Phillips and Drew, are known for welcoming in camera crews.

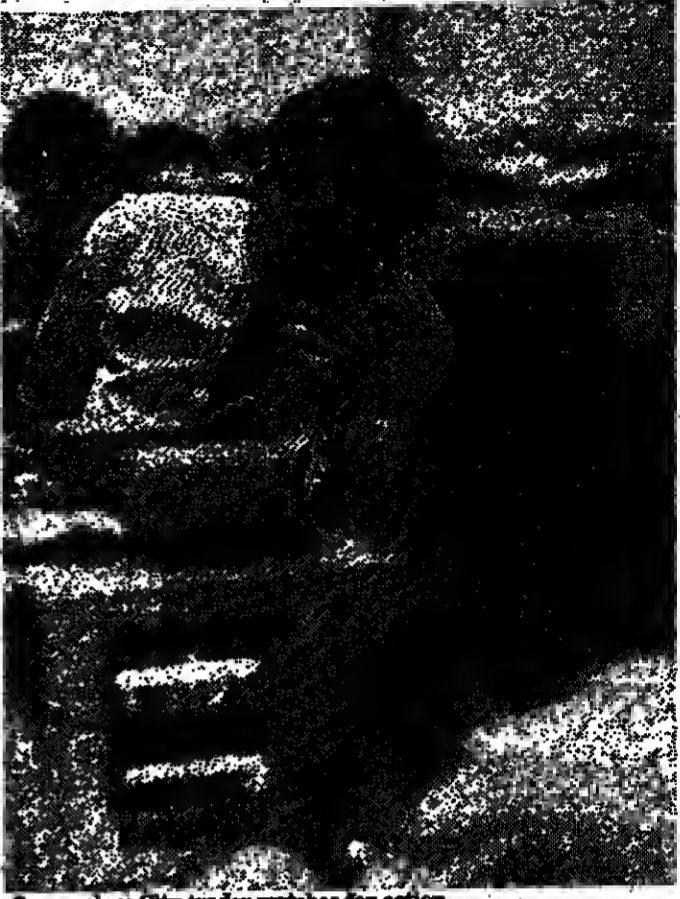
But journalists still have a hard time penetrating the City, and when it really matters - when the markets are in turmoil or when sensitive operations are underway - they are asked to leave.

Ms Deborah Arnott, who worked on The Square Mile (The Independent TV series describing London's central financial district), says the financial institutions are nervous of journalists.

"The press are always in a hurry, while journalists want the nuts and bolts," she said. Television producers, she claims, know "words and images tend to fight each other - so the news is written to the pictures of the bank."

Journalists, and other visitors, are screened before being allowed onto the trading floor. Salomon Brothers, the US securities house, seeks to protect its clients and to give a good impression of bankers' due diligence. Visitors from rival institutions are vetted lest "vital information" is revealed. Clients' names are shouted across the floor in code.

Institutions have developed rules to prevent journalists prying too far. Most of their employees are forbidden to



Screenplay: City trader watches for action

Other peoples' money do not wish to say anything which might mar relationships with their investors.

The analysts give the "house view" and represent their firm instead. There are about 3,000 working in London alone, and the service they provide has come in for some recent criticism. Kriedl, the financial information company, surveyed fund managers recently and four fifths said the quality of analysts' research was getting worse.

When the researchers for Capital City came to Salomon's in pursuit of the city slicker image for its new series, Salomon's was in a fix. It was happy to show off the trading floor, which is considered among the most advanced for its soundproofed, airy layout, but Salomon's did not have the Porsche-driving, hard-drinking dealer the series was after.

Mr Mark Watson, a Euro-bond salesman, was ordered to fit the "media image" of a City salesman. He put on braces and a striped shirt and, for one exhausting week, took the researchers on a hectic round of City nightspots.

For the real City, putting their economists in the forefront of operations generally works well. It means promotion for the finance houses and interviews for the news media.

Mr Peter Thompson's predictions of stock market crashes reflect glory on Barclays de Zoete Wedd. Mr Roger Bootle does it for securities house Midland Montagu. Mr Ian Harwood for Warburgs, Mr Gavyn Davies for US merchant bank Goldman Sachs. The problems come when the analyst who carries clout on his own takes it elsewhere. Miss Lancaster at Kleinwort's says: "Then the bank is left like a football team without its star player."

enriched uranium otherwise necessary for fission. "If we're in the nuclear fuel business, we've got to be in MOX," said Mr Neville Chamberlain, BNFL chief executive.

He hoped that spent fuel reprocessing contracts worth an estimated £1.5bn which BNFL is negotiating with West German electricity companies would help open a German market for MOX fuels.

The new factory is planned for Sellafield rather than at the group's present fuel factory at Springfields near Preston, also in the north west, to minimise transport of plutonium.

Plutonium is more radioactive than uranium, and a MOX factory is expected to cost at least twice its equivalent for uranium because of containment costs.

Plutonium fuel plan

By David Fishlock, Science Editor

BRITISH Nuclear Fuels, the state-owned nuclear fuel services group, plans a big investment in plutonium fuel manufacturing in the 1990s to strengthen its place in an expanding world market in high-tech nuclear fuels.

The group has approved a budget of £10m for a fuel development programme at Sellafield, on the north west coast of England, which includes pilot manufacture of up to 5 tonnes of plutonium fuel a year from spent nuclear fuel.

BNFL plans to invest several hundred million pounds in a factory capable of making 50-100 tonnes of the fuel a year.

Plutonium fuel, known as mixed-oxide (MOX) fuel, is a mixture of uranium and plutonium oxides in which the plutonium replaces some of the

Amoco swaps oil assets with Ultramar

AMOCO, US oil group, announced a swap of UK oil assets with Ultramar Exploration, UK independent oil group, writes Maurice Samuelson.

Amoco raised its interest in the Everest field in the Central North Sea by acquiring Ultramar Exploration's 4.25 per cent share in block 22/14a, one of the three blocks in which the field is sited.

It also acquired Ultramar's 8.5 per cent stake in block 210/15a, near Amoco's and Clyde Petroleum's 210/20 block awarded in the tenth offshore licensing round.

Amoco has swapped to Ultramar its 50 per cent interest in the onshore Stockbridge oilfield in Hampshire. Ultramar now owns 100 per cent of the field.

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MANAGEMENT: The Growing Business

Setting-out to manufacture

To make or not to make — that is the question

Whether it is better to adopt the 'do-it-yourself' approach or to contract out is the dilemma pondered by Charles Batchelor in the first of a series



Managing production



David Vint found subcontractors "inordinately expensive"

For a former marketing manager with no direct experience of manufacturing David Vint has come a long way over the past year. Vint Industries, the company he set up to make an innovative oil-filled hot "water" bottle called the Huggie, now employs 18 people and has plans to produce 30,000 bottles this year.

Paul Burns, professor of small business development at Cranfield School of Management, says he advises entrepreneurs on the school's business start-up courses to keep their businesses simple and to subcontract as much as possible.

is the one thing that start-ups are short of, comments Burns. Vint Industries raised £250,000 to finance its move into manufacturing, starting with a £25,000 investment from Seed Capital, a small venture capital fund which backs very early stage projects.

scale of the investment required, however. If the start-up was planning to challenge large, established manufacturers in the same field it would be unlikely to get backing, comments Thorp.

available. But whichever way a company tackles the manufacturing issue it still faces the problem of dealing with outside suppliers or sub-contractors. Centrolis, for example, is unable to do its own heat treatment work so has to farm this out to subcontractors. Parker admits he has not been satisfied with the service he gets and his customers, which have spotted that testing equipment of their own have on occasion picked up faults. Parker now uses a wide range of different subcontractors for heat treatment work but still wishes he could afford to do the job himself.

TECs 'could miss out on enterprise'

Charles Batchelor on a funding dilemma

The Training and Enterprise Councils (TECs), which are to provide locally-based industrial training and small firms support, may not have enough money to give adequate help to small businesses. Business in the Community (BIC), the umbrella organisation for Britain's 300 enterprise agencies, warns.

In brief...

- The European Social Charter, which includes proposals for formal employment contracts, minimum wage regulations and the closer regulation of working hours, was "ill-conceived and had for small firms", according to Tim Eggar, the British small firms minister.

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(In Administrative Receivership)

The Company operates as watch retailers from leasehold premises at High Street Kensington, The Trocadero, Piccadilly and Carnaby Street, London and also at Newcastle, Southampton and Dublin.
Projected annual turnover of the business is £1.5 million.
For further information contact the Joint Administrative Receiver, R.G. Ellis at:

Touche Ross
Blenheim House, Fitzalan Court, Newport Road, Cardiff CF2 1TS.
Telephone: 0222 481111.
Authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

BUSINESSES AND ASSETS

Be the first for information on businesses for sale and assets by ringing our helpline below.
Businesses for sale
0836 400 171
Auctions
0836 400 172
9 & A, 28 Canalside Place, W2 1RR.
Calls charged at 25p per min. cheap rate and 30p per min. at all other times.

FOR SALE £50,000
Well established manufacturing & retailing company involved in the soft bed & bedding market. Situated in North London. Premiums, trade marks plus all equipment is included. Plus good will inherent in annual turnover of £300,000. Present owner wishes to sell to pursue other business interests.
Please contact in first instance J.R. Overall
FCA Cartwrights, Chartered Accountants, Regency House, 33 Wood Street, Barrow, Here EN5 4BE. Telephone: 01-441 1731, Fax: 01-441 2456

By Direction of D R Wilton Esq of Deloitte Haskins & Sells
Joint Administrative Receiver of Walton Hall Limited and subsidiary companies
WALTON HALL
TIMESHARE COUNTRY CLUB
STRATFORD UPON AVON
including:-
• Long leasehold
• Balance of 788 weeks
• Income from sales awaiting completion
• Hotel site
• Leisure operating opportunity
AND
El Capistrano Leisure/Restaurant/Conference Centre at the
TIMESHARE VILLAGE, NERJA, MALAGA, SPAIN
FOR SALE BY PRIVATE TREATY
Contact: Jonathan Flowith
Grimley JR Eve
CHARTERED SURVEYORS
021 236 8236

Transimage International Ltd
(In Administration)

Offers are invited for the business and assets of the above company which designs, manufactures and distributes products for the professional video industry.
• Unique system
• US and UK patents for TBC Time Sharer
• Extensive international distribution network
For further details please contact:
Maurice Withall or Iain Allan, Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.
Tel: 01-383 5100 Ext. 2441
Fax: 01-383-4715
Grant Thornton
The UK member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Vehicle Hire Operator

RIMROSE VAN HIRE LTD

The business and assets are offered for sale by the Joint Administrative Receivers.
Principal assets include:
• 12 Tractor Units
• 29 Commercial Vehicles
• 34 Light Vans
• 5 Minibuses
• 54 Cars
Property:
• Substantial freehold property including Petrol Filling Station at Bootle, Merseyside.
• Freehold and leasehold premises at Southport.
Turnover:- Rental Income. £900,000
Petrol Sales £300,000
For further information please contact
F W Taylor or C. J. Chambers at Ernst & Young, Silkhouse Court, 1 Thebarn Street, Liverpool L2 2LE. Tel: 051-236 8214 ext. 225. Fax: 051-236 0258.
Ernst & Young
Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

FINLAY GROUP
(IN ADMINISTRATIVE RECEIVERSHIP)

The Joint Administrative Receivers offer for sale the business and assets of the Finlay Group of Companies. The Group is engaged in running a chain of CTN's (Confectioners, Tobacconists and Newsagents).
• Old established chain with 180 branches throughout England of which ten are freehold. The branches include 60 outlets in London and the South East and 60 outlets in the North East.
• Turnover in 1988/89 £49 million.
• Over 1,000 employees.
• Leasehold head office in Brentford with 21 staff.
For further information please contact:
Martin Fishman or Peter Tuch
Arthur Andersen & Co., P.O. Box 55, 1 Surrey Street, London WC2R 2NT.
Telephone: 01-438-1200
Facsimile: 01-438-3771
Telex: 8812711.
ARTHUR ANDERSEN & CO

AGRICULTURAL EQUIPMENT AND MACHINERY SALES AND DISTRIBUTION
PEMBROKESHIRE WEST WALES

WILSONS TRACTOR AND MACHINERY LIMITED
IN ADMINISTRATIVE RECEIVERSHIP
The company distributes a number of companies products, primarily John Deere Limited.
Turnover £2.5 million, leasehold premises extending to 2.5 acres including garage, stores and offices, plus large stock of parts, plus new and used agricultural equipment.
Contact joint administrative receiver Robert Ellis.
Touche Ross
Blenheim House, Fitzalan Court, Newport Road, Cardiff CF2 1TS.
Telephone: 0222 481111.
Authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

Motron Air Motor

An opportunity exists to acquire from the receivers, the business and assets of Motron Limited (in Receivership) manufacturing this unique product. The company operates from well equipped leasehold premises in Barley. Patents have been applied for and some are already granted and are available for sale.
The Motron Motor is a high torque air motor developed to combine pneumatic power and flexibility with sophisticated microprocessor control to provide a highly adaptable programmable drive system.
MOTOR FEATURES: High Torque - Low Speed
Microprocessor Control
Low Voltage Electric
For further information contact the Joint Administrative Receivers:
M. J. Moore and D. J. Waterhouse
Cork Gully, Allston Court, 5 Allston Place, Leeds LS1 6LP.
Tel: (0532) 457332
Fax: (0532) 424009
C&L Cork Gully
Cork Gully is authorised in the name of Cooper & Lyell by the Institute of Chartered Accountants in England and Wales to carry on investment business.

DAVID GARRICK
FOR SALE
CONFECTIONERY MANUFACTURER

• Products in growth sectors
• Turnover £500,000
• Current year profit forecasts breakeven
• Freehold factory with permission to extend
For further information, please write to:
ROGER BROWN
DAVID GARRICK
1 de Wilsdon Court
85 New Cavendish Street
London W1M 7RA
Tel: 01-631 0959
FAX: 01-436 4311
SPECIALISTS IN MERGERS & ACQUISITIONS

CLOTHING MANUFACTURERS
CUMBRIA

The business and assets of Turner & Whitehouse Limited are offered for sale as a going concern by the Joint Administrative Receivers.
Principal features include:
• Freehold purpose built one-storey factory of 32,000 sq ft and warehousing
• Specialists in military uniforms and career wear
• Turnover £2.4m per annum
• Blue-chip customers
For further information please contact the Joint Administrative Receiver:
Rodger Taylor
KPMG Peat Marwick McLintock
The Fountain Project,
1 Balm Green, Sheffield, S1 3AF
Telephone: (0742) 766789 Fax: (0742) 766213

WE SELL COMPANIES.

Whatever your business, we should like to hear from principals, whether buying or selling. All types of business sought, regardless of industry, size or location. The strictest confidence is maintained.
SENG - TOILETRY MAN - Est. product range. TO £1.5m High margins. 1/1 Hold factory & Office. Coldwell. 1/1 Current net assets (Ref 22229570)
SOUTH BEES - ELECT CONTRACTORS - JTD in April 1989 £687,413 at 24% GP £170k. West coast. major contracts inc. Harrogate, County Council. New 12 year lease. Price £150,000. s.a.v. (Ref 2231182)
E. MIDLANDS - ENGINEERS/PRECISION MACHINING - High-tech Co. major assets in a wide industrial base. Turnover, Optical, Measurement, Electronic, History Machinery & Machine Tools. TO currently £282k pa. Net NP at 23% Total Profit £70k. s.a.v. (Ref 2230042)
PLASTERING DRY LINDING. FLOOR SCREEDING. GRANOLITHIC CONTRACTORS. EAST MIDLANDS. A well estab. TO £1.2m profit before tax and drawings of £97,256. Price to include F/Hold Offices £425,000 plus/minus current net assets (Ref 2232828)
N.HUMBERSIDE - CARAVEN RENTAL/SALES - 40 acre site Lic for 400 pitches. Application proceeding for further 100. Night club/bar snacks/restaurant/club & club/hobby. TO £247k. GP £116k. Price £1.5m (Ref 2218452)
REKTS - PHOTOMECHANICAL SERVICES - Unique process (Unpatented). Widely used by automotive industry. Guide price £200k (Ref 2218454D)
Write to the General Manager
Ernst & Young, 5 Fenchurch Street
18 Watkinson Road
Birmingham B2 4BP
Tel: 0452 232499 Fax: 0452 420055. **ERNEST & YOUNG**

Plastic Disposable
Medical Products Manufacturer
Bridgewater, Somerset.

The opportunity has arisen for the acquisition of the business and assets of Aquifer Medical Limited (in Receivership). The business comprises of:
• Modern well equipped manufacturing facility
• Full plastic moulding, extrusion, fabrication and assembly facilities.
• Department of Health registered for manufacture of sterile medical devices.
• A skilled workforce of over 100 people.
• 22,000 square feet Leasehold property.
• Extensive order book in excess of £400,000.
• £1.5m annualised turnover.
For details please contact the Joint Receiver,
Price Waterhouse & Co. Price Waterhouse, Citifield Heights, Triangle West, Bristol BS2 1EB. Telephone: (0272) 293701. Telex: (0272) 290618.

Joinery Manufacturers
Walsall, West Midlands

The Business, Business Assets and Goodwill of CSS (Joinery and Supplies) Ltd and CSS (Cabinets) Ltd are offered for sale.
The Companies operate from rented premises at Walsall, West Midlands, specialising in the manufacture and supply of wooden doors and windows for the building trade.
Annual turnover in excess of \$1 million.
For further details please contact Jon Molendo or David Corney at Deloitte Haskins & Sells, 35 Newhall Street, Birmingham B3 3DX. Tel: no 011 200 2828. Fax: No 021 200 2829. Telex: No 537839.
Deloitte Haskins & Sells
Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

BUILDING CONTRACTOR
(Avon and Gloucestershire)

- Excellent record of a wide range of completed projects
- Well established with a blue chip customer base
- Strong management team
- 1989 forecast turnover £5 million
- Sustainable profit before tax in excess of £0.2 million
- High growth potential
- Net assets £0.4 million with no borrowings

Potential purchasers please write to reference TL/JH
Acme House, 69/76 Long Acre, London WC2E 9JW
LIVINGSTONE FISHER ASSOCIATES PLC
THE ACQUISITION AND DISPOSAL SPECIALISTS
FIMERA

IPSWICH

OUTSTANDING GOLF AND HOTEL DEVELOPMENT SITE
WITH PLANNING CONSENT

- 19th century Planning Hall for conversion/extension to country house hotel
- Farm buildings for conversion to golf clubhouse, conference centre and leisure complex
- 463 acres of undulating farmland and woodland
- 2 cottages
- Frontage to the A15 Ipswich by-pass

FOR SALE FREEHOLD
Colour brochure from joint agents:-
Stuart & Parker
11 Museum Street
IPSWICH
Suffolk IP1 1HH
Tel: 0473 21841 Fax: 0473 220117
William HILLARY & Company
Close Gate House
47 High Street, BALSLEBUFFY
Wiltshire SP1 3DF
Tel: 0722 27101 Fax: 0722 411805

Cotron Electronics Limited

The business and assets of Cotron Electronics are for sale as a result of receivership.
• Manufacturers of:
- high resolution graphic computer display monitors
- security surveillance cameras.
• Latest annual turnover £2.5 million.
• Freehold property in Coventry, 22,000 square feet.
• Skilled workforce.
Enquiries to the joint administrative receiver,
SRE Hancock Esq., FCA, Price Waterhouse, Livery House, 169 Edmund Street, Birmingham B3 2JB.
Telephone: 021-200 3000.
Price Waterhouse

PROGRESS PLUMBING SUPPLIES (LEICESTER) LIMITED
In Administrative Receivership

The business and assets of this established Plumbers Merchant are offered for sale by its Joint Administrative Receivers.
The Company supplies sanitaryware, kitchen units and plumbing materials to a wide ranging customer base from leasehold warehouse and showroom premises located in Leicester.
For further details please contact:
R. F. Matthews,
BDO Binder Hamlyn,
206 Derby Road,
Nottingham, NG7 1HG.
Tel: 0522 418312. Fax: 0522 410193.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business. Chartered Accountants
BDO BINDER HAMLYN

WEAPONS MANUFACTURER

PLC wishes to divest of a non-core business involved in the development, manufacture and distribution of specialist military/police small arms and associated equipment.
Please contact: Mary Morrison
KPMG Peat Marwick McLintock
Merger and Acquisition Services
1 Puddle Dock, London EC4V 3PD
Telephone: 01-236 8000 Fax: 01-329 6101
(Authorised by the Institute of Chartered Accountants in England & Wales to carry on investment business.)

Travel Agency

Substantial established travel agency for sale. Eleven locations based in the Oxford, Banbury, Milton Keynes and Midlands area. Turnover approximately £1.5m. A strong element of business travel as well as normal holiday travel business. Urgent enquiries to:
V.J. Kelly, Ernst & Young, Windsor House, 3 Temple Row, Birmingham B2 5LA. Tel: 021-236 9151. Fax: 021-233 4194.
Ernst & Young
Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

GA Business & Leisure

On the instructions of Richard Neville of Peat Marwick McLintock, Administrative Receiver of Dorset Hill Ltd in Administrative Receivership.
DORSET - Charmouth
THE FERNHILL HOTEL & SELF-CATERING BUNGALOWS

Combining a lovely country setting, a mile from the sea, at the junction of the Hoxton-Folkestone trunk road and close to the sailing resort of Lyme Regis. Imposing Hotel with 34 Holiday Bungalows of stone-faced cavity construction and excellent leisure facilities. Detached 2 storey House and staff accommodation. 14 acres of land and woodland, all with scope for development and improvement.
FREEHOLD FOR SALE BY FORMAL TENDER
FRIDAY 24TH NOVEMBER 1989.
GA Business & Leisure. Tel: (0392) 51571
Joint Agent: Black Horse Agencies, Alder King, Tel: (0202) 21212 Ref: CABL/69.

Substantial or controlling shareholding available in company marketing quality foods under their household brand name in UK/Export markets. 1990 Sales £1 million.
Write Box H5312, Financial Times, One Southwark Bridge, London SE1 9HL.

Newly completed

and tested conventional and intelligent fire panel designs to BS 5839 ready for marketing. Offers in excess of £300,000. Principals only.
Write Box F9346, Financial Times, One Southwark Bridge, London SE1 9HL.

SURREY
TWO HIGH CLASS, OLD-ESTABLISHED JEWELLERS

- Prime leasehold
- T/O £200,000+
- Net assets £90,000.
- Retirement sale.

For further details and particulars Write Box F9347, Financial Times, One Southwark Bridge, London SE1 9HL.

PRINTING COMPANY

The owners of this highly profitable small offset printing company will consider offers for purchase or merger.
Operating in modern fully equipped premises, last year's turnover exceeded £1 million and growth continues on a base of quality international and national company clients. Home Counties location.
Enquiries in strict confidence
Write Box H5311, Financial Times, One Southwark Bridge, London SE1 9HL.

FOR SALE

Medium sized trailer rental company Well established, Southern based.
Write Box H5315, Financial Times, One Southwark Bridge, London SE1 9HL.

BUSINESSES FOR SALE

GIFT HOME ACCESSORIES IMPORTER/WHOLESALE... Thrusting highly profitable young company with considerable potential.

U.S. BUILDING MATERIALS RETAILER... Two companies located in Florida. Total of 3 locations, combined sales \$14,000,000.

PRINTERS FOR SALE (est. 1948)... Cash buyer sought for London based B2A2 (one & two colour) business forms printer.

Over 3,000 innovative technologies are submitted to us annually... Inventions to Industry

18 HOLE GOLF COURSE... Championship Size PERIOD MANSION HOTEL. 20 BEDROOMS 104 PAGES.

FASHION RETAILER... Chain of 20 retailing units in London & South East area.

TUSCANY... Small high class hotel (28 rooms + possibility of building 30 more).

FOR SALE AVIATION ENGINEERING/AIRCRAFT SALES... 70% interest in PLC with a substantial capital in excess of 2,700,000.

FOR SALE OF TO LET... Terms on application: Rainbow International (FT) Kingston House, 7 London Road.

ADVERTISING AGENCY AND PUBLIC RELATIONS COMPANY FOR SALE... The business has a profitable track record made up of a variety of blue chip business clients.

FOR SALE... Family run damp proof course/ timber preservation company. Established 20 years in North West of England.

KITCHEN AND BATHROOM FURNITURE MANUFACTURER IN WEST GERMANY... Turnover D M 40 Million.

SHORT LEASEHOLD CLOTHING FACTORY UNIT IN N.W. Fully equipped with the most up to date plant and employing capable workforce.

MALTA Grade A1 Holiday Village. Guaranteed bookings for 1990. Unlimited potential for expansion.

For sale... N.W. Eng. established manuf. w/ sale auto/eng. machinery/wholesale business.

Successful and well established replacement window manufacturer based in South London area.

COMPUTER MAINTENANCE... Fast growing PC maintenance business in important market outside South East.

SMALL PROFITABLE... Central London based CI FIMBRA member seeks merger/association/sale to quality organisation wishing to develop financial services activities.

FOR SALE BLOW MOULDING COMPANY... based in South East. To the N of London.

ADVERTISING & PROMOTIONAL COPY FOR SALE... Central London. 1989 Turnover c. £160,000.

ESTATE AGENTS SW London... Private owned three branch leasehold agency group, fully refurbished.

FOR SALE... Highly successful creative and production agency based in the Midlands.

BUSINESS FOR SALE... Established company supplying and installing equipment to the Health and Fitness sector of the Leisure Industry.

PARKGATE CORPORATION LTD... Specialist for Germany... A. Master of electronic security systems.

COMPANY FOR SALE NORTHERN ENGLAND T.O. Ltd... Marketing/distribution company with own fresh food premises complete with successful team.

HOTEL/GOLF DEVELOPMENTS FRANCE... 4 acre site with P.P. 100 rooms on golf course location.

RESTAURANT HOME FOR SALE... 46 bed prestigious Edwardian style Home in wealthy south coast area.

COMPANY WITH EXCLUSIVE U.K. DISTRIBUTION CONTRACT WITH WORLD'S SEVENTH LARGEST BREWERY.

Coopers & Lybrand For Sale Precision Plastics Manufacturer... Established manufacturer of high performance plastic products.

CONTRACTS & TENDERS... An entry will be made in the Official Journal of the European Communities.

COMPANY NOTICES... NEW KLEINFONTEN PROPERTIES LIMITED (Incorporated in South Africa).

BROMLEY HEALTH AUTHORITY... An entry will be made in the Official Journal of the European Communities.

NOTICE TO HOLDERS OF SHARE WARRANTS TO BE PAID... Holders of Share Warrants to Be Paid are informed that payment of Dividend No.91 will be made in U.K. currency.

FOR SALE... Family run damp proof course/ timber preservation company.

ACQUISITION SOUGHT... A London based property fund is actively seeking a Property Company Trust or Portfolio in South East England or the Midlands.

FOR SALE... Family run damp proof course/ timber preservation company.

International Group seeks to purchase or participate in small import/export agency (consumer goods). Substantial funds available.

FOR SALE... Family run damp proof course/ timber preservation company.

Registered Charity wishes to buy a private company. Funds available £2m. Present management retained.

FOR SALE... Family run damp proof course/ timber preservation company.

ACCOUNTANCY... The Financial Times proposes to publish this survey on: 28TH NOVEMBER 1989

FINANCIAL TIMES... For a full editorial synopsis and advertisement details, please contact: WENDE ALEXANDER

BUSINESS WANTED

WHOLESALE AND IMPORT/EXPORT BUSINESS REQUIRED... We are seeking on behalf of substantial and well funded clients a business with an established sales force and a good customer base.

PRESTIGIOUS EUROPEAN BANK wishes to acquire UK based leasing company or portfolio. Preference for medium to big ticket items.

COMPETITIONS WANTED BY ZETTERS GROUP PLC... We have a successful competitions management subsidiary with large scale capacity.

MORSON INTERNATIONAL EXPANDING UK BASED ENGINEERING RECRUITMENT CONSULTANTS REQUIRE EMPLOYMENT AGENCIES... Morson International is a major well established recruitment consultancy.

ZETTERS GROUP PLC... 86-88 Clerkenwell Road, London EC1P 1ZS. P.S. If you're a key man, feeling held-back in your present set-up...

METAL PRESSINGS FIRM WANTED... Should have toolmaking facility. Small but well established and profitable.

WORLD WIDE DISTRIBUTION through long established relationships in over 120 countries... An international group of companies, marketing a prestige brand through departmental stores and stationary outlets.

Buying or selling a business? We'll cover your risk... When you sell a business or go public you may have to give warranties and indemnities.

PLC seeks, for each, acquisitions/mergers complementary to its own specialisation in sales promotion merchandising and the importation of fancy goods.

Commercial Mortgages From 11.5% fixed Development Finance From 1% above base.

LEASING COMPANY... Two businessmen wish to acquire a leasing or similar company. Are willing to pay up to £3 million for right company.

COMMERCIAL FINANCE... Competitive Rates 12% Fixed Interest Mortgages Business Finance to 80% of cost.

Hire purchase receivables required... We wish to purchase a portfolio of commercial hire purchase receivables on a substantial hire purchase company.

LOANS... Up to £1 million secured on domestic/commercial property to 90% valuation.

WHOLESALE BAKERY REQUIRED... Expanding wholesale specialist bakers wish to acquire well equipped similar business with existing sales to multiples.

BRUSSELS LUXURY OFFICE SUITES... Fully equipped phone fax etc conference rooms short or long term.

ACQUISITION SOUGHT... A London based property fund is actively seeking a Property Company Trust or Portfolio in South East England or the Midlands.

REDUNDANT OR DISMISSED? Are you being paid compensation at the correct legal rate.

North American Industrial Group would like to acquire a U.K. based manufacturer of consumer products with a North American export presence or potential.

COMPUTER HIRE... Whether you need to hire for a week, a year, or longer, you'll be glad you found us.

HIGH PRESSURE DIE CASTING FOUNDRY WANTED... Small/Medium sized foundry sought by Manufacturing Group.

WANTED HS 125 VIPER POWERED... PRINCIPALS ONLY CONTACT: LARRY L. RASMUSSEN

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OFFICE EQUIPMENT... For Sale: 50 Dealers Desks Currently being used by International bank.

ACCOUNTS CHAUFFEUR HIRE... Exclusive service for discerning companies. We operate in Central London.

STANFORD FINANCIAL GROUP... 1100 North St. Suite 3550 Houston, TX 77002

UK, International & Isle of Man INEXPRESS COMPANY REGISTRATIONS LIMITED... Sole Secretaries Service No 1 24-hour telephone answering company in Brighton.

BUSSINESS CENTRE LTD... Furniture Centre Ltd

THIS WEEK



REPORTS ON:

Europe's Quality Push.

Will the new foundation for quality management achieve its aims or is it just another talking shop?

On 'European Business Weekly' Super Channel Wednesday 10pm

LAW REPORTS

Carriage Contract is not frustrated

J LAURITZEN A/S v WIJSMULLER BV
Court of Appeal (Lord Justice Bingham): October 12 1989

A PERSON who has an option to perform his contractual obligations by one of two alternative methods cannot assert the contract was frustrated if, through no fault of his, one of those methods is rendered impossible by an intervening event. And a contracting party is precluded from relying on a frustrating event not only if he caused it himself deliberately or in breach of actionable duty, but also if he had the means and opportunity to prevent it but permitted or caused it or was responsible for its occurrence.

The Court of Appeal so held when dismissing an appeal by the defendant carrier, Wijsmuller BV, from Mr Justice Hobhouse's decision on three preliminary issues in an action by drilling rig owner, J Lauritzen A/S.

LORD JUSTICE BINGHAM said that Lauritzen owned a large and heavy drilling rig named Dan King. By contract dated July 7 1980 Wijsmuller agreed with Lauritzen to transport Dan King from Japan to the North Sea. The contract provided that the transportation unit was to be "Super Servant 1 or Super Servant 2 in Wijsmuller's option." Those were barges built for carrying large loads such as the rig.

The date for delivery of the rig to Wijsmuller for carriage was to be between June 20 1981 and August 20 1981. By clause 16 Wijsmuller was not to be liable for any loss "unless caused by its deliberate act or omission." By clause 17 it had the right to cancel performance "in the event of force majeure... perils or danger and accidents of the sea."

On January 29 1981, several months before Dan King was due to be tendered for carriage, Super Servant 2 foundered and became a total loss. Super Servant 1 had been scheduled to carry cargo under other contracts during the period of the Dan King contract.

On February 16, two weeks after the casualty, Wijsmuller informed Lauritzen it would not transport the rig with Super Servant 1 or Super Servant 2.

The rig was transported by barge and tug.

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The rig was transported by barge and tug.

Mr Clarke for Wijsmuller submitted that the extraneous supervening event necessary to found a plea of frustration occurred when Super Servant 2 sank. He said however, that the contract remained alive until Wijsmuller decided a fortnight later that it could not be or would not be performed. There was, he submitted, no break in the chain of causation between the supervening event and non-performance. To frustrate, an event must significantly change "the nature (not merely the expense or onerousness) of the outstanding contractual rights and/or obligations from what the parties could reasonably have contemplated at the time of... execution." (National Carriers 1981 AC 674, 700.)

Had the Dan King contract provided for carriage by Super Servant 2 with no alternative, and had it been lost before time for performance, then assuming no negligence by Wijsmuller, the contract would have been frustrated.

But that was not the case. When the Dan King contract was made one of the contracts eventually performed by Super Servant 1 during the Dan King period had been finalised, but the other had not. Wijsmuller had not alleged that when the Dan King contract was made either vessel was earmarked for its performance. That no doubt, was why there had been an option.

Had it been foreseen when the Dan King contract was made that Super Servant 2 would be unavailable for performance, whether deliberately or accidentally, Lauritzen at least would have thought it no matter, since carriage could be performed with Super Servant 1.

Accordingly, the case did not fall within the limited class in which the law would relieve one party from an absolute promise.

Also, if, as was argued, the contract was frustrated when Wijsmuller communicated its decision on February 16, it depended on the language of meaning to describe it as "coming to an end automatically." It was because the contract did not come to an end automatically on January 29 that Wijsmuller needed a fortnight to review its schedules and commercial options.

The third issue was whether the contract was frustrated if the loss of Super Servant 2 was

fault on the side of the party seeking to rely on it. Mr Clarke for Wijsmuller submitted that the extraneous supervening event necessary to found a plea of frustration occurred when Super Servant 2 sank. He said however, that the contract remained alive until Wijsmuller decided a fortnight later that it could not be or would not be performed. There was, he submitted, no break in the chain of causation between the supervening event and non-performance. To frustrate, an event must significantly change "the nature (not merely the expense or onerousness) of the outstanding contractual rights and/or obligations from what the parties could reasonably have contemplated at the time of... execution." (National Carriers 1981 AC 674, 700.)

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On February 16, two weeks after the casualty, Wijsmuller informed Lauritzen it would not transport the rig with Super Servant 1 or Super Servant 2.

The rig was transported by barge and tug.

Mr Clarke for Wijsmuller submitted that the extraneous supervening event necessary to found a plea of frustration occurred when Super Servant 2 sank. He said however, that the contract remained alive until Wijsmuller decided a fortnight later that it could not be or would not be performed. There was, he submitted, no break in the chain of causation between the supervening event and non-performance. To frustrate, an event must significantly change "the nature (not merely the expense or onerousness) of the outstanding contractual rights and/or obligations from what the parties could reasonably have contemplated at the time of... execution." (National Carriers 1981 AC 674, 700.)

Had the Dan King contract provided for carriage by Super Servant 2 with no alternative, and had it been lost before time for performance, then assuming no negligence by Wijsmuller, the contract would have been frustrated.

But that was not the case. When the Dan King contract was made one of the contracts eventually performed by Super Servant 1 during the Dan King period had been finalised, but the other had not. Wijsmuller had not alleged that when the Dan King contract was made either vessel was earmarked for its performance. That no doubt, was why there had been an option.

Had it been foreseen when the Dan King contract was made that Super Servant 2 would be unavailable for performance, whether deliberately or accidentally, Lauritzen at least would have thought it no matter, since carriage could be performed with Super Servant 1.

Accordingly, the case did not fall within the limited class in which the law would relieve one party from an absolute promise.

Also, if, as was argued, the contract was frustrated when Wijsmuller communicated its decision on February 16, it depended on the language of meaning to describe it as "coming to an end automatically." It was because the contract did not come to an end automatically on January 29 that Wijsmuller needed a fortnight to review its schedules and commercial options.

The third issue was whether the contract was frustrated if the loss of Super Servant 2 was

On January 29 1981, several months before Dan King was due to be tendered for carriage, Super Servant 2 foundered and became a total loss. Super Servant 1 had been scheduled to carry cargo under other contracts during the period of the Dan King contract.

On February 16, two weeks after the casualty, Wijsmuller informed Lauritzen it would not transport the rig with Super Servant 1 or Super Servant 2.

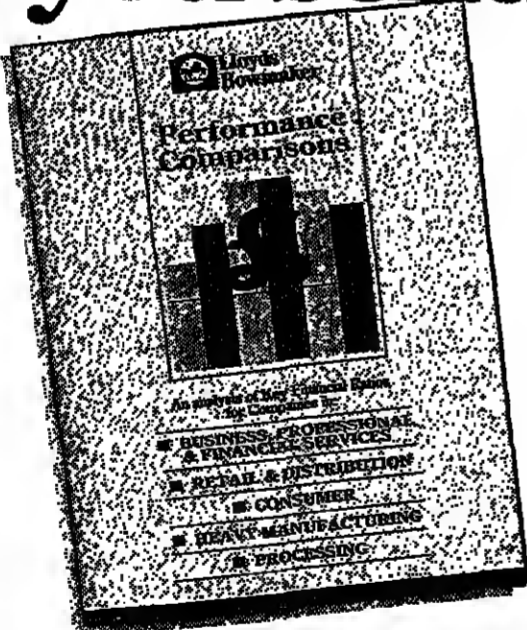
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TECHNOLOGY

Strength for the ties that bind

Last week's earthquake in San Francisco highlighted the problems of designing bridges and viaducts to withstand big jolts, such as earthquakes or abnormally heavy traffic.

A London company, Colebrand, is marketing a system for strengthening bridges which uses a chemical compound developed for the US space programme - but which has also found fame as a child's toy.

Because bridges are made of concrete and steel, they need the space to expand or contract depending on the weather conditions. To allow for this movement most bridges are not permanently attached to all the upright pillars - "piers" - on which they rest.

Pneumatic solutions to the problem have been devised in the past. But Colebrand's Structural Shock Transmission Unit, or STU, relies on a simple concept. The STU is a transmission rod inside a steel cylinder. The void between the two is filled with silicone putty, and the STU fitted between the top of the pier and the bridge.

The silicone putty (boron-filled dimethyl siloxane) deforms when pressure is applied slowly, yet becomes rigid when there is an impact. This transformation makes the putty popular as a toy. When the bridge expands or contracts, the putty allows the rod to move slowly. But if there is a sudden impact it becomes rigid, and the STU helps take the strain.

The device can be used in new bridges or to strengthen older ones which are under strain from growing traffic volumes. Some 14 STUs will be installed along the raised track of London's Docklands Light Railway next month. The aim is to prepare the railway for the longer trains needed in the 1990s.

Della Bradshaw

Fibre-optics, the telecommunications wonder of the 1970s, is facing a challenge from an unexpected source: the radio. The idea is gaining momentum in the industry that radio, not fibre, will replace the existing copper network as the final telephone connection from the public network to the home.

For long distance lines, particularly international, fibre has been vying for supremacy with satellite technology for some time. On the whole, satellite technology has been losing the battle, partly because of a disastrous period in the industry's launch and partly due to a lack of reliability. It is now facing a challenge for shorter distances, an area it has only just begun to penetrate.

The prospect of sophisticated telecommunications services - such as interactive video where a user could talk to and see a number of other users at the same time, or super-fast information delivery which would, for instance, allow the delivery of the entire contents of a newspaper in just a few seconds - being made available to a mass market created considerable enthusiasm for the idea of building fibre-optic connections all the way to the user's door.

Two factors, however, have cooled this enthusiasm. First, the costs of fibre - particularly for installation - have not fallen as fast as many had hoped. Second, the mobile communications revolution has highlighted the demand for flexibility, both from users and from system operators.

The final stage of the connection to the subscriber - the local loop - is a problem too. "The local loop has become the bottleneck," says Peter Radley, technical director at STC Telecommunications. "We've been developing the main network over the past few years - installing digital transmission and switching as well as augmenting the copper cable network with fibre and microwave - but we are still using century-old technology to connect users into the network. Some copper wires are as much as 100 years old."

Radley believes both fibre and radio will be used to implement local loops in future. Fibre in the local loop is only cost-effective for clusters of lines, he says. It is the best way to deliver telecommunications services to large and medium-sized businesses.

For domestic users, however, which account for the bulk of telephone owners, it only

Peter Purton on how fibre-optics and radio are vying for a new place in telecommunications



A cordless tug of war

makes sense, he says, to take fibre right to the street and connect several customers to a box. "For this last 100 to 200 metres you could use copper or you could use radio to amplify," he suggests.

"Well over half of the costs of a typical local telephone operation are associated with the maintenance of copper cables, which means a lot of yellow vans and their drivers as well as the clerks to tell them where to go."

Radio tails - the last link using radio transmission - would avoid some of these costs, Radley suggests. "The technology is here. Deployment is merely a question of capital," he says. Radley suggests that the UK may see the partial deployment of radio tails by 1992.

The UK is not the only country where there is a growing interest in radio tails. In Japan

the Ministry of Posts and Telecommunications has teamed up with Nippon Telegraph and Telephone and 30 communications equipment makers to investigate the use of radio spectrum between the frequencies of 1 GHz and 3 GHz for cordless subscriber connections. The Ministry says that it hopes to put the findings to use by 1991.

The European Commission is financing research into the possibility of a pan-European communications system which should allow the bulk of Europe's telephone subscribers to access data, video and voice services using pocket-sized transceivers. Some 23 companies are involved in the project, which is being financed as part of the Commission's Race (Research on Advanced Communications in Europe) programme. The project leader is Philips Radio Communications

Systems of the UK. The aim is to offer terminals (at a cost of \$40) to subscribers which can support voice, data or image links of up to 2m bits per second. On a pan-European basis, engineers believe that some 200 MHz of spectrum will be needed in the 1.7 GHz band. "People don't want to ring places but other people," says Ed Candy, one of the engineers heading the project at Philips.

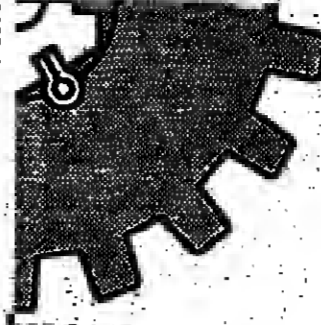
At the moment, technology provides half the answer with such services as cellular radio, radiotelephony and cordless telephones but the proliferation of such systems also causes problems. "What we are talking about is providing an infrastructure that can replace the lot," says Candy.

The challenge for engineers is to provide the infrastructure which will support 100m users or cordless appliances. The best solution, they have decided, lies in a system based on cellular radio mobile telephone technology using a variety of cells in parallel: namely microcells covering less than a block; motorway microcells covering short stretches of road; office and home microcells providing cordless business exchanges; satellite macrocells covering network links in rural areas. According to Candy, microcells could be based in people's homes and offices and could be used to provide services to third parties.

Depending on who owns the base stations this could cause a regulatory revolution. A problem which may result from the increased use of radio spectrum may be its negative effect on the users of airwaves, such as broadcasters.

Malcolm Ross, senior analyst at management consultancy Arthur D Little, predicts that before the year 2000 there will be a battle for bandwidth between broadcasters and telecommunications network operators. "I think the broadcasters will be forced on to cable," he notes.

A study last year by US-based engineering consultancy Hatfield Associates provides evidence to support Ross's view. It showed that 1 MHz of radio spectrum was worth between \$2m and \$7m to a cellular operator. Based on these figures, a 6 MHz channel - needed for the high definition television services planned for the 1990s - could have a market value of as much as \$40m. "Broadcasters will simply not be able to afford bandwidth as long as communications services present a much more valuable resource," says Ross.



WORTH WATCHING

Edited by Della Bradshaw

Clear sound for all that jazz

LOUIS Armstrong would have hated his jazz classics to be accompanied by clicks and noise, writes Lynton McLain, technical director of developments in computer technology, notes on some of his classic releases - and recordings of all types of music and dialogue - can be removed.

The technique is called Noise-Removal, developed in California by the Sonic Solutions Corporation. A digital copy is made of the original soundtrack and the data recorded on a computer disk. The music, including the clicks and background noise, is represented digitally on the computer screen.

The clicks, which last for tiny fractions of a second, are removed from the copy by computer simulation, rather than editing. The computer program replaces the click with a pattern of sound waves based on the sound immediately before and after the click.

Background noise can be removed by intensive computer processing. More than 50m computations are needed to clean up a second of recorded material. European companies wanting their old soundtracks repaired can use the services of the aptly named company Chop 'Em Out, of London, which is using Sonic Solutions' technology.

Diamonds in rough roads

AN American solution for the problem of bumpy roads could soon find its way on to European highways. The technique is called diamond grinding, and is a way of repairing concrete road

surfaces at about half the cost of existing solutions. These usually involve covering the blemishes with asphalt.

During a seminar in Sweden set up by the International Grooving and Grinding Association (IGGA), of North Carolina, demonstrations were given to European road authorities of how the concrete surface can be ground down by 17mm each time.

The resulting surface has a "corduroy" texture - with mini grooves and ridges to improve the skid-resistance of the surface. Each road can be treated twice in this way, and then without laid over.

Another advantage of diamond grinding is that it takes only one machine to perform the task, causing minimal disruption on main roads.

Metallizing with fresh fish

JAPANESE sushi eaters will be able to have more confidence in the freshness of the fish they eat following developments in testing at Nagasaki University.

Until now most testing of food for freshness has involved cutting it up and treating it with chemicals, which makes the food inedible. But the Japanese university is working on sensors which measure the gases given off by the fish, and so do not destroy the meat.

The fish is stored in a closed box at room temperature with a sensor of precious metals, such as titania and ruthenium. The sensor detects the amount of trimethylamine emitted - the less gas emitted, the fresher the fish.

Extra-sensory perception

PORTABLE computers may be lightweight and convenient, but careworn air travellers often do not have enough room to use a mouse to carry out tasks, and have to rely on the keyboard.

In its laptop machine, Apple Computer has chosen to use a rollerball system, but another solution has been developed by Cutton Sales and Services, of Dorking. It is licensing a finger-position sensor, controlled by two integrated circuits, which could be developed into the keyboard of a portable computer. The sensor moves the cursor around the computer

screen by finger pressure. Once the cursor is at the right place, pressing a second sensor instructs the laptop to carry out the specific function.

Cutton has also devised a keypad for use with traditional desktop systems. It incorporates two sensors, one for positioning and the second to instruct the computer to carry out the task. The company believes the keypad, which contains no moving parts and is completely sealed, could also have applications in engineering and manufacturing systems.

A message you'll never forget

ONE of the biggest disadvantages of screwing out messages on a scrap of paper is that the note can be lost or the words obliterated by a badly-placed mug of coffee, writes Andrew Wiseman.

DSC Electronic, of Munich, West Germany, has developed a talking notepad which records messages of up to 32 seconds via a conventional microphone.

But Memobox has a trick up its sleeve. Using the same technology which is popular for burglar alarms, Memobox has a built-in sensor which detects the body heat of anyone who enters the room.



THIS ONE'S ACTIVATED BY YOUR INDIVIDUAL AFTER-SHAVE.

When that happens, Memobox springs to life and plays back the pre-recorded message. Costing about DM100 (£33), the box of tricks records the message on semiconductor chips and is therefore sturdier than mechanical tape recorders.

Contact: Sonic Solutions, US, 415 761 2028; Chop 'Em Out, London, 01 960 8125; IGGA, US, 704 894 1989; Nagasaki University, Japan, 0925 471111; Cutton Sales, 01483 660186; DSC, W Germany, 08 327 022.

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- Osmond Aerosols blends, manufactures and contract fills aerosols to its own and others' chemical formulations. It is among the UK leaders in its field. Haventrail markets its own branded range of aerosol products.
State of the art plant located in new freehold premises (c 105,000 sq ft) in Scunthorpe, dedicated to the filling of cans for medical and personal care products.
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Contact: R. Marsh ACA, The Joint Administrative Receiver, Price Waterhouse, 9 Bond Court, Leeds LS1 2SN. Telephone: 0532 442044. Telecopier: 0532 441401. Telex: 556312.

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The Talbex Group PLC (to which administrative receivers have been appointed) owns the Victoreen Inc sub-group (which is not in receivership) and which is now for sale. The business includes:

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Patents, registered trademarks and a network of licensing arrangements.
Turnover October 1988 to September 1989 US \$27 million.

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FINANCIAL TIMES SURVEY



In two decades North Carolina has been transformed from an economic backwater into one of the fastest growing states in the union.

However, a slowdown in the growth rate this year will test the state's ability to avoid recession.

James Buchan reports.

Meeting point of the South

ON THE edge of Highway 51, in the wooded outer suburbs of Charlotte, a vast church of pink concrete and smoked glass towers above its parking lot. This is the Calvary Church, a monument to the glory of God and the miracle of financial leverage.

When it is dedicated in December, the church's great sanctuary will seat 6,500 people. This is just under twice the membership of the tiny evangelical sect building it. To raise the \$39.5m the building will cost, the church undertook to pay out twice as much in mortgage interest every week as the collection plate brings in every Sunday, according to Charlotte bankers.

Mr Jerry Green, a spokesman for the Calvary Church, is undeterred. He says: "When we had problems meeting our financial obligations to our bankers, we received an anonymous gift of \$3.5m from out of state. You have to believe that the Lord had something to do with that. The Lord wants this church to grow."

For someone looking for the spirit of North Carolina, there are worse places to start than Highway 51 on the southern edge of Charlotte. One of 300 churches listed in the Char-

lotte telephone book, Calvary belongs squarely to the old South of community service, missionary zeal and doctrinal "otherness". It would hate to be bracketed with Jim Bakker, the television huckster recently found guilty in a Charlotte court of bilking his flock of millions. But Calvary is brash, competitive, recklessly optimistic, almost Texan in its sense of the possible. It is the new North Carolina.

In the past 20 years, the state has been transformed. Once an economic backwater, heavily dependent on low-wage industries such as textiles and tobacco, North Carolina is now one of the fastest growing states in the union. While some northern states have stagnated, North Carolina has raced ahead to rank 10th in population last year and 12th in manufacturing output. Since pulling out of the recession of the early 1980s, the economy has grown spectacularly.

Gross State Product has expanded since 1983 at an average of 5.5 per cent a year after accounting for inflation, as against 4.1 per cent for the US as a whole. New industries have flocked to the state, attracted by the low wages, a skilled labour force, good roads

and air service and a tradition of decent government. The Charlotte banks, led by NCB, have embraced interstate banking with a vigour unmatched in the South, and have turned a pleasant, undistinguished town of salesmen and trucking companies into a financial centre to match Atlanta.

In the smaller towns, the old textile mills and cut-and-sew shops that accounted for 20 per cent of the non-farm workforce in 1970 now employ little more than a tenth. As in much of the South, old-style conservative Democrats have been losing ground. The Governor is a Reagan-era Republican. The best-known politician is a populist conservative, Senator Jesse Helms.

This year will mark a break in the state's relentless economic march. With big industries from textiles to paper and chemicals to computers slowing down, and a full-scale slump in construction activity, North Carolina is likely to see its growth cut in half.

Whether this slow growth tips into recession has yet to be seen. But even a slowdown will test the state's straggling diversification even before it can bring prosperity to the rural counties of the

mountains, the blacks of the cities or the remnants of the farm country. And it could strain overbuilt real estate markets from downtown Raleigh to the retirement colonies of the coast. "There is a 20 per cent surplus of developed real estate in this country and this state," says Mr John Medlin, chairman of First Wachovia, a bank based in Winston-Salem. "Real estate is the banking system's Achilles heel."

North Carolina is a most un-southern southern state. It was settled mostly by smallholders and never had much of a plantation elite. Instead, once the Civil War was done, North Carolina had everything to recommend it for processing industry. It had the crops, in the form of tobacco and hardwoods with cotton further south, it had abundant water power and it had miserably cheap labour.

By the last two decades of the 19th century, cotton mills were being built at a rate of six a year. James Duke built his great tobacco trust from popularising the cigarette. The tim-

ber of the Smoky Mountains and the craft traditions of Winston-Salem's Moravian community became the base of the High Point furniture industry.

You can still sense this era in the easy scale of the cities, which grew not for some important geographical feature but as capitals of modestly powerful economic interests: the Reynolds family and the Moravians in Winston-Salem, the Duke interests in Durham and so on. Even today, Charlotte has fewer than 400,000 people, though its boosters have captured that indispensable status symbol for the up-and-coming city, a major league sports franchise. But when Hurricane Hugo hit Charlotte, it felt like a village, because people helped one another out. There are seven other towns with populations of more than 50,000.

In these close-knit little towns, dominated by mill and banker, it was no surprise that labour organisers made little progress and wages remained so low. In 1980, when a fall

third of the North Carolina workforce toiled in manufacturing industries, average wages were just \$3.37 an hour, which was lower even than in the Deep South of Mississippi and Arkansas. Even after the boom of the 1980s, the manufacturing wage was just \$3.44 in the middle of this year, 20 per cent below the US average.

To their great credit, Democrat and Republican governors have tried to break the low-wage habit. Back in the 1950s, Governor Luther Hodges attempted to promote the state to other economic interests. His greatest success was Research Triangle Park, which offered business access to the state's three great universities in the Raleigh-Durham-Chapel Hill area. His outstanding successors were Terry Sanford and James Hunt, who built the community college system into a source of higher skilled labour and continued to push diversification. In this decade, Mr James Martin, a Republican, has attracted investment from West Germany, the UK

and the Far East at a striking rate.

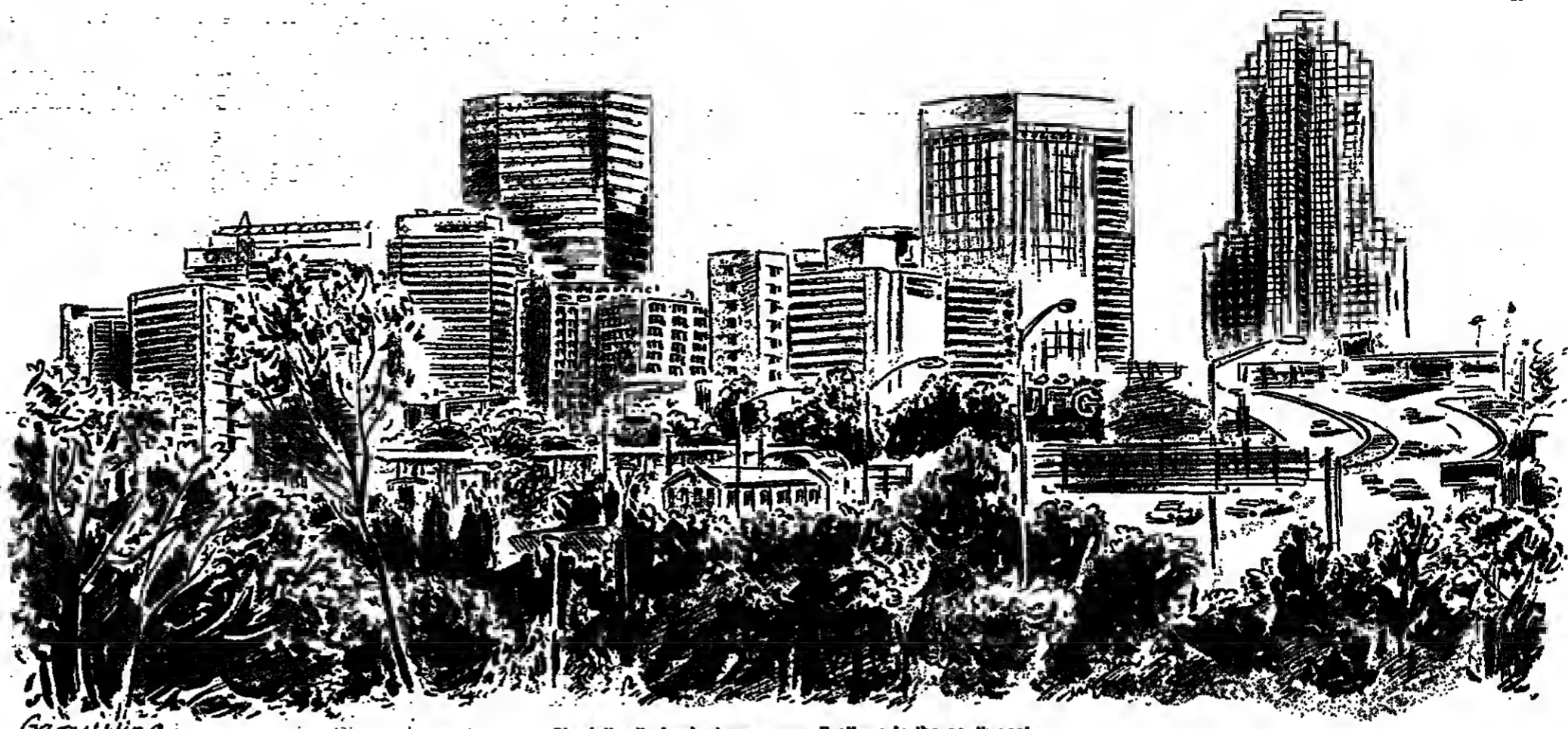
There can be no denying their success. The trio of industries, comprising tobacco, furniture and textiles and clothing, employed 25 per cent of the non-farm workforce of 1.8m in 1970, according to the North Carolina Employment Security Commission. In 1988, the three industries employed 14 per cent of a non-farm workforce that had grown to 3m.

The outlook for the traditional industries is by no means bleak, even if Wall Street has come to regard North Carolina tobacco and textiles as mature industries that have too much capital. Wall Street duly milked Burlington Industries and RJR Nabors for all their surplus cash (and most of their equity) in leveraged buy-outs in 1987 and 1988, but this was not before both companies had spent billions of dollars to make their plants highly competitive and less dependent on cheap labour.

For the rest of the economy,

the next few years will be challenging. For all the diversification of the 1970s and 1980s, jobs in the service sector still make up less than 18 per cent of the non-farm workforce. This means that the weakness in manufacturing that bank economists are predicting will not be fully offset. There are also parts of the state, a long way from the interstate road system in the mountains and in the east, which are structurally weak. Mr Bruce Flye, who farms tobacco near the little town of Bantleboro in the east, was part of a commission (that included the local fast-food group, Hardee's), which looked for an industry that might replace tobacco growing. "We came to the conclusion that nothing can take the place of tobacco," he said. "It will kill eastern North Carolina if tobacco goes."

The other challenge is so nebulous, perhaps it isn't a challenge at all. There are parts of Raleigh, with its ostentatious suburban houses and traffic-clogged streets, that might be in the North. There is a Yankee hustle about the place. Even as North Carolina prospers, it should preserve some of the grace and civility of the old South.



Charlotte: its banks tower over all others in the south-east

NORTH CAROLINA

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The Better Business Climate

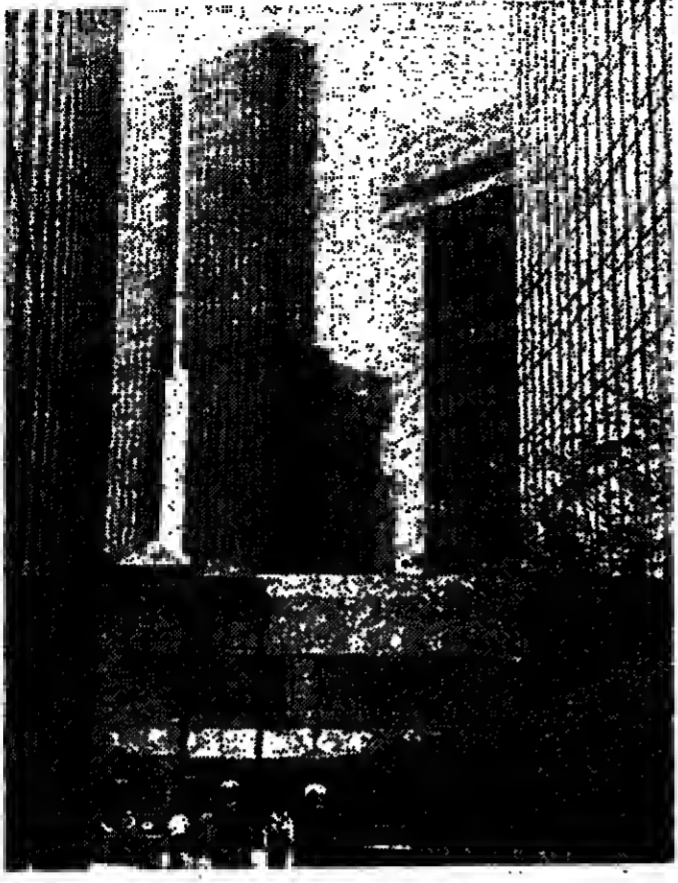
Consent to: J. J. D. Davidson, General North Carolina Economic Office, 2, D-1000, Düsseldorf, West Germany, TEL (0211) 320 533, FAX (0211) 320 534. Contact G. Brinkley, Assistant Director, Economic Services, Development Division, North Carolina Department of Economic and Community Development, 450 North Salisbury Street, Raleigh, NC 27611, TEL (919) 733-4452, FAX (919) 733-4453.

NORTH CAROLINA 2

James Buchan looks at the banking industry

Pace-setter for the South

NEW YORK. San Francisco. Los Angeles. Charlotte. Chicago... If there is an odd-man-out in this list of US banking centres, it is certainly not Charlotte. In the 1980s, North Carolina banks have set the pace in a new banking market that increasingly covers the South.



Banking district in Charlotte, North Carolina

NCNB, a Charlotte bank that could scarcely muster \$10m in loans and other assets at the turn of the 1980s, has executed a dizzying series of regional acquisitions to become one of the top dozen US banking organisations. Its assets at the end of September were \$58.6bn.

First Union, its cross-town rival, has prepared the south-east with 850 branches, a branch network larger than all but three US banks. First Wachovia, whose unpretentious tower block looks down on Winston-Salem, is the bank that some out-of-state bankers think may be the best in the country. And there are several smaller but well-regarded banks, such as BB & T in the tobacco country of the east.

Even as these banks gain national reputations, they pose several questions. How is that North Carolina, a low-wage backwater for much of its history, has nurtured such prosperous and outward-looking institutions? What do they have in common? Where are they going?

Talk to North Carolina bankers and you get the same answers to the first question. Almost alone of southern states after the Civil War, North Carolina imposed no limits on branch banking. First Wachovia was opening branches in Asheville and High Point at the turn of this century. Across the state line, Georgia banks were still restricted to a single county in the mid-1970s.

Branching gave the North Carolina banks diversity in deposits and assets. Mr John Medlin, 55, chairman of First Wachovia, says: "We have offices in North Carolina that would have gone broke in bad farm years if they'd been banks."

neighbours into the 1960s. Apart from a real estate recession in the mid-1970s, the North Carolina economy grew fast enough to keep creating respectable loan opportunities. Mr Edward Crutchfield, 48, chairman of First Union, said: "We were large. We had some know-how. The economy had been one of the best. We had experience in managing remote operations. We were perfectly positioned for interstate banking."

For Mr Hugh McColl, 54, chairman of NCNB and the most impatient of these men, interstate banking came early. A good four years before the Supreme Court ruled that states may form regional banking pacts, NCNB found a loophole in Florida banking law that permitted the bank to buy First National Bank of Lake City. Mr Crutchfield and Mr Medlin waited until a couple of days after the June, 1986 court ruling before merging with

Atlantic Bancorporation of Florida and First Atlanta respectively. First Union now boasts assets of \$81bn and First Wachovia about \$23bn.

What these bankers all have in common is the sense that their industry's growth years are behind it, profits are declining, competition is increasing and costs are too high. Says Mr Crutchfield: "This is a mature industry where you are going to have to eliminate capacity. It's a race to reduce non-interest expenses quicker than net interest margins fall."

For NCNB and First Union, the strategy is broadly similar even if the tactics are different. Both are expanding rapidly into neighbouring states and related businesses - investment banking, mortgage lending, securities - so they can spread overhead more thinly and push more services through the branch network. Mr McColl, who least fits the

role of the genteel southern banker, has little time for other bankers' sensibilities and has been quite brutal in his merger approaches. But his deal to buy the failed First Republic Bank of Dallas from the Federal Deposit Insurance Corporation is beginning to look like a step of brilliant audacity and panache. With the completion of the deal this year, NCNB doubled its asset base but under terms that left First Republic's identifiable bad loans with Washington. Mr James Thompson, chairman of the south-eastern banking at NCNB, expresses the tremendous \$6m at NCNB: "We'll hit \$100bn in assets in a short time."

Mr Crutchfield laid the grounds for First Union's growth with an audacious bet on interest rates in the 1980s. When interest rates tumbled, Mr Crutchfield's large portfolio of fixed-interest securities soared in value and so did First Union's stock. With the appreciated stock as currency, First Union could make a string of acquisitions that doubled the bank in size before interest rates turned against it.

The key to the future of these two banks is how well they manage credit quality as they expand. They continue to pour out the loans, with lending at NCNB's south-east branches increasing at 17 per cent a year. This is a brave rate of growth in the eighth year of an economic expansion, when common sense suggests there are fewer and fewer good risks left. Bad debts at NCNB south-east are 1.65 per cent of total loans, which is not at all high except by the standards of First Wachovia.

At this extraordinary bank, Mr Medlin apologises for a non-performing asset rate of 0.35 per cent and scowfully puts the blame on the credit-card portfolio at the Atlanta bank. Acutely aware of the prudent Moravian businessmen who founded the bank, Mr Medlin feels no compulsion to dash for assets or conquer new businesses.

He asks: "What is a little southern bank doing in investment banking? His approach is to try and leverage not the bank's capital but its national reputation for service and quality. This is not an implausible strategy.

Karen Zagor discusses labour relations

Low level of union activity

"NORTH CAROLINA has the best labour climate in North America," according to Mr George Shelton, president of Capital Associated Industries, a North Carolina employers' association.

Among the reasons cited by Mr Shelton are the strong work ethic, the rugged individualism of the people and the quality of life.

Other attractive features include the absence of inventory tax, reasonably low sales tax, an outstanding highway system, good universities, fairly low crime levels and very good weather.

But perhaps the single most attractive feature for employers is the exceptionally low level of union representation in the state. Employers say the result is fewer strikes and work stoppages.

Others say the lack of unions results in lower wages. Hourly manufacturing wages in North Carolina in August were \$3.44, compared with \$10.45 in the US as a whole. Among the 50 states, only Mississippi regularly undercuts North Carolina when it comes to paying employees.

"This is a state of small communities and small companies," said Mr Earl Bradley, an economic analyst at the state's Commerce Department. The average employer in North Carolina has only 17 employees.

The growth in higher-valued industry, such as electrical, machinery, and instrumentation, and the expansion of service industries, has changed the overall industrial structure of the state. Manufacturing, however, remains a big employer, providing jobs for some 23 per cent of the state's workforce.

the largest employment sector. The main area of growth for the newer industries is confined largely to the Piedmont area, which includes the state's major universities and main cities.

Although the new industries have provided more jobs for the state, bringing unemployment down to 4.9 per cent in July from as high as 9 per cent in 1982, there are many rural communities where the rate of unemployment runs much higher.

In McDowell county, for example, in the western part of the state, unemployment was 4.5 per cent in July. Furthermore, there is an ample supply of ready labour from neighbouring Virginia and South Carolina, thanks to the advent of the interstate highways.

Some say that remarkably little has changed since 1929, when Stetson Lewis wrote that manufacturers "have their mills in the South because of that famous supply of cheap and contented labour". In these towns the mills control the banks, the banks control the loans to small businessmen, the small businessmen are the best customers of the professional men - even when the latter are professional men of God - and so the mills can back up the whole human train, down to the clerical canteens.

Companies no longer control North Carolina's towns but there is a residual sense among employers and employees alike of family and loyalty. According to Mr Frank Goldsmith, an attorney in Marion, a mill town in the west of the state, the only union in the county is in telecommunications. Recent efforts by the Teamsters union to organise workers at the

local Baxter Travenol factory failed.

"Marion traditionally is a company town. The company ran almost everything from the school to the church," said Mr Goldsmith. "The company no longer owns the town, but there are not a lot of employment alternatives. People accept their lot in life and wait for reward in the next."

The religious tenor of the state is also thought to work against the labour movement. Employers say religion is part of the work ethic. "People here feel they have a responsibility to give someone a fair day's work if they take the job," said Mr Shelton.

Others argue that religion breeds passivity in workers. "A good worker doesn't complain and gets his reward in heaven," said Mr Daniel Pollitt, a professor of law at the University of North Carolina at

employee are good in the state. "Employers in this state are aggressive in explaining to workers that unions are not going to get us more customers, will not make us more competitive or secure jobs. We have to work together if we are going to get things done," said Mr Shelton.

"I don't think people are anti-unions, they're scared of losing their jobs if they unionise," said Mr Chris Scott, president of North Carolina State AFL-CIO, the country's biggest labour federation. According to Mr Scott, the failure of the Patco air traffic controllers' strike did immeasurable damage to the North Carolina union movement. In 1981, President Reagan destroyed the Patco union by firing 11,500 striking workers and quashing the union's collective bargaining power.

There are exceptions. According to Mr Scott, the big cigarette manufacturing companies in North Carolina are virtually all unionised, with the exception of R.J. Reynolds. Telecommunications is also strongly unionised and the Teamsters have a fairly large presence in the state.

But North Carolina invariably falls into the category of least unionised states. In 1988, about 6.5 per cent of non farm workers were union members.

And as long as the so-called Right to Work law, which protects workers from pressure to join unions, remains in place, it is unlikely that there will be a significant swing towards organised labour. "The labour system has no teeth to fight unfair dismissal," said Mr Pollitt. "If the labour law were amended, we might see more unions."

The religious tenor of the state is also thought to work against the labour movement

Chapel Hill. "Unions are seen as synonymous with atheism, communism, corruption and greed."

"When we built the law school we need non-union labour because we couldn't find enough union labour."

An often-heard explanation for the low level of unionisation is that employees are only interested in unions when there is something wrong to begin with, or relations between employer and

TEXTILE INDUSTRY

Revolution brings its reward

ROW AFTER row of looms at Burlington Industries' Williamsburg plant are silently gathering dust. To an untrained eye, they look only slightly different from the faster, more efficient machines which have replaced them. But they bear testimony to the wave of modernisation which is changing the face of US textiles.

The US textile industry has gone through something of a revolution in the 1980s. Increasingly, fierce foreign competition and a string of huge mergers and leveraged buy-outs on Wall Street have forced the industry to consolidate and restructure in order to survive.

The result has been investment in state-of-the-art machinery to improve efficiency and help reduce employment costs in this traditionally labour-intensive business. Capital expenditure in textiles has run at about \$1.7bn through the decade, with a record \$2.12bn spent in 1988. Capital expenditure for 1989 is expected to be \$2.15bn.

At the Williamsburg plant in the northern reaches of North Carolina, teams of a few workers can monitor more than 35 machines at a time. After the initial threading stage, it is rare to see someone working intently on one loom. New technical developments, such as shuttleless spinning and six-let weaving, are beginning to make a dent in the cost advantages of rival south-east Asian manufacturers.

There are already some signs of success. The rate of redundancy in textiles proper appears to have levelled after several years of steady job losses. In North Carolina, which accounts for 30.5 per cent of the industry's employment, there were 227,000 working in textiles in August 1988 compared with 218,000 in 1985 and 208,000 in 1977.

Textiles have been the backbone of North Carolina's economy for more than 100 years. And while other industries have a growing presence in the state, textiles remain the biggest manufacturing employer.

Wages of US textile workers only sound steep when compared with those in competing south-east-Asian countries. They are well below the \$10.45 an hour average wage for manufacturing in the US. In North Carolina, hourly wages in textiles are \$7.46 against \$7.70 in the US, and the national figure is heavily weighted down by North Carolina.

The low level of wages are supported, in part, by North Carolina's exceptionally low level of unionisation. Only about 6 per cent of non farm workers belong to unions. Since 1929, when an attempt to organise labour at the Marion mill in the western part of the state, ended in the deaths of six workers, attempts to unionise have been generally bitter and fruitless. A massive drive in the 1960s by the Textile Workers Union ended in almost total failure, as do the moves to unionise J.P. Stevens in the 1970s.

The recent wave of buy-outs and takeovers has left the sector clearly dominated by a few big names. The jury is still out on the aftermath of the resulting huge debt burden. Analysts say the debt to equity ratio is an unenviable 11, compared with 12 five years ago.

Textiles have been the backbone of North Carolina's economy for more than 100 years.

According to Mr Don Hughes, vice-chairman of Burlington Industries and soon to be president of the American Textile Manufacturers Institute, the mergers have not caused serious difficulties for the industry. There have been changes at Burlington, one of the biggest US textile compa-

nies, which went private in a management-led LBO in 1987. "We have streamlined some of our operations which was necessary because of the debt and we must be extremely conscientious of improving our cash flow," said Mr Hughes.

As a result of the debt burden, Burlington has put a ceiling on annual capital spending of \$50m. In 1987, the company's capital expenditure was \$157m, from \$126m in 1986.

"It is a given fact that we must run our business as efficiently as we can. Imports are more of a threat," he added.

US manufacturers complain of unfair training practices which leave the domestic market virtually wide open while their exports are constrained by import regulations in competing countries. Furthermore, they accuse foreign competitors of dumping in the US to create a foothold in the world's biggest textiles markets. "We are an easy target

because our doors are open. We are not asking for roll-backs, we are asking for fair trade, or at least equal access," said Mr Hughes. The US imposes no textile quotas against industrialised nations other than Japan. The two most recent congressional bills

The rate of redundancy in textiles proper appears to have levelled after years of job losses

to curtail textile imports have been vetoed by the president. In addition to modernising, US manufacturers are starting to fight back by competing more aggressively in foreign markets. The value of shipments from US mills were \$28.5bn in 1988 from \$27.5bn in 1987, according to the American Textile Manufacturers Institute. The value of imported clothing and textiles was essentially flat at \$29.7bn while exports increased 25 per cent to \$6.1bn.

The US textiles sector has benefited recently from a softer dollar, which has helped US companies compete abroad while making the domestic market more difficult for foreign competitors.

The increased competition has also prompted companies to be more responsive to customer needs. Fashions change quickly so that fast, flexible service is critical. "Many operations have become more complex in terms of product offerings, fabric, styling and colorations - the diversity is much greater than it was five years ago," said Mr Hughes.

Although the proportion of people working in textiles in North Carolina has fallen from 13.1 per cent in August 1979 to 6.5 per cent in August 1988, the decline is, in part, due to increasing employment in other manufacturing sectors. The overall number of jobs in the sector has actually picked up in the last year.

"I don't think we will see much more of a shift away from textiles," said Mr White Watkins, assistant secretary for traditional industries at the North Carolina Department of Economic and Community Development.

Karen Zagor

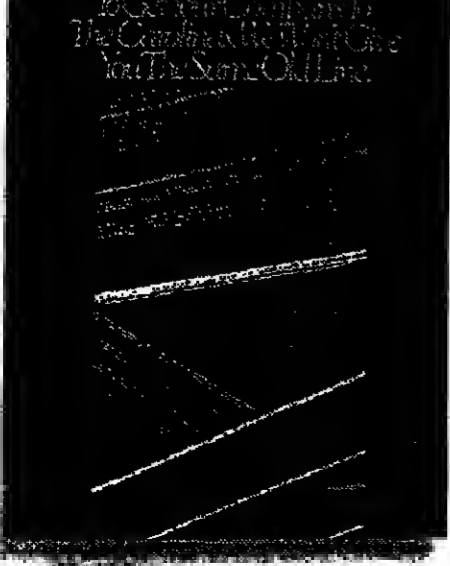
KEY FACTS

Table with 2 columns: Category and Value. Includes Population (1988: 6,526m), Employment (1988: 3,616m), Employment by sector (1988: Farm 109,000, Private nonfarm 151,000, Manufacturing 1,293m, Mining 5,000, Construction 223,000, Transport, comm, pub utilities 181,000, Wholesale trade 166,000, Retail trade 123,000, Financial insurance real est 194,000, Services 687,000, Other 30,000), Government (1989: 525,000), Wage and salary workers (1988: 3,125m, 1990: 2,628m), Farm proprietors (1988: 75,000, 1990: 96,000), Nonfarm proprietors (1988: 416,000, 1990: 288,000).

Source: National Planning Association Economic Data Base

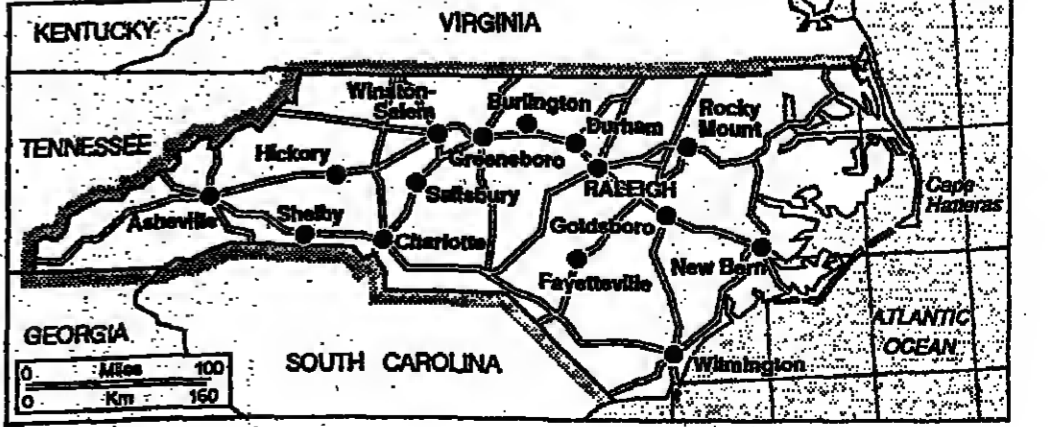
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NORTH CAROLINA 4

IN EASTERN North Carolina, a flat country of small towns, churches and farms on sandy soil, it is the best and the worst of times. The land's tobacco farmers, who were all but bankrupt four years ago, are enjoying a sharp rise in demand.

James Buchan examines the tobacco industry which is under tremendous political pressure

An increasingly taxing time for growers



North Carolina farmers survey a field of tobacco

This year, "bright" or flue-cured tobacco should generate for North Carolina farmers the best part of \$1bn. This makes the weed, as growers note with a wry smile, the state's second most valuable crop after illegal marijuana.

Tobacco may be legal but it is a crop under tremendous political pressure. Ever since the first report by the US Surgeon General on smoking and health in 1964, consumption of cigarettes per person has been on the decline in the US.

Their co-operative - the Raleigh-based Flue-Cured Tobacco Co-operative Stabilization Corporation or Stabilization for short - could not finance its price-support mechanism and they had to be rescued by the manufacturers in 1986.

The heavy tax burden on US smokers, who are increasingly concentrated at the poorer levels of society, are deeply worrying the growers and the cigarette industry. According to Mr James Johnston, the new chairman of R.J. Reynolds, the second largest US manufacturer which is based in Winston-Salem, this year's 26 cent a pack tax in California caused RJR's sales in the first half of this year to fall 12 per cent in that state.

financiers bought out RJR's public shareholders in a \$25bn leveraged buy-out. They replaced RJR's equity capital with voracious high-interest debt.

The big manufacturers can make a 35 per cent profit on every cigarette

The buy-out is already having its impact in North Carolina. In Winston-Salem, more than 2,000 employees have been laid off or encouraged to leave as management struggles to cut costs and conserve cash for its interest payments.

the beginning of the season, worrying many growers, though the company's buyers have since been active in the sheds.

An attempt in London to perform a similar leveraged buy-out of BAT Industries, owner of Brown & Williamson, appears to have failed for the moment. But there is no doubt of the outlook for tobacco.

But it is a very large and awesomely profitable industry. The big tobacco manufacturers can make a 35 per cent profit on every cigarette they make, and they made 563bn for home consumption in 1988.

Unless the domestic market declines more rapidly than its current 2.5 per cent a year, there will still surely be a large

US market at the turn of the century.

It can also be a profitable crop for the grower. Since the cigarette makers agreed to buy out the immense stocks of flue-cured tobacco Stabilization had bought in at auction through its price-support actions, the overhang of inventory has shrunk (to 85.3m pounds at the start of this season) and prices have firmed.

"People around here have diversified into chickens and turkeys and sweet potatoes," he says, "and I grow corn and soy beans. But they only do it because it is better to pay your man to pick up dead chickens every morning instead of doing nothing until the tobacco comes in. There's no doubt what pays the bills round here and that's tobacco."

For Mr Frye and other growers in the east, the big issue is labour. Mr Frye, who employs eight men full-time at \$4 an hour, says he cannot compete with the fast-food industry let alone new manufacturing plants in the east. For the tobacco harvest, he employs a group of Mexican migrant labourers who have come to this farm for the last four years as they work their way up from Florida on different crops.

But the recent amnesty for migrant labourers working illegally in the US will open up jobs for these people outside the farm economy.

"Many farmers cannot get labour," he says. The result will inevitably be greater use of mechanical harvesters, a greater use of capital, larger farms, fewer family farmers.

The industry, ranging from Mr Frye to Mr Fred Bond, chairman of Stabilization, and Mr Johnston of RJR, has far from given up hope. These men are banking on export markets, above all in the increasingly affluent Far East as a means of guaranteeing the American industry's future.

Mr Johnston also believes that new technology could diminish political opposition, though the company's costly new Premier cigarette, which all but eliminates smoke from the tip, was a costly flop in test markets. Somebody says that

FOREIGN INVESTMENT

Flood begins to ease off

IN A SHOPPING mall in southern Charlotte, there is a German delicatessen that would do justice to a corner of Milwaukee. It is run by a young man from Münster, West Germany, and on a recent morning, quite a few people were there eating cake and talking German.

This should not be much of a surprise. According to a study by the North Carolina office of the international accountancy firm, Peat Marwick, there were no fewer than 32 West German companies with their main US offices in the city at the end of last year and 14 Swiss companies. And all this in a city of fewer than 400,000 people in a medium-sized state.

The 1980s have seen a flood of foreign investment into North Carolina. Foreign companies are now sitting headquarters or building manufacturing plants at an annual rate of \$1bn in new investment last year. According to the state Department of Economic and Community Development, there are some 556 foreign companies doing business in North Carolina. Just under half of these have their US headquarters in the state.

These companies range from technology companies with subsidiaries in Research Triangle Park, such as Burroughs-Wellcome and Glaxo of the UK, Northern Telecom of Canada, Rhone-Poulenc of France and Sumitomo Electric of Japan, to financial services companies in Charlotte such as Royal Insurance of the UK and the outposts of foreign textile, tobacco and pulp and paper companies. They employ perhaps 150,000 of the state's workers and generate about a fifth of the exports.

But as the 1980s draw to their close, there are signs that the flow of investment from overseas may be slowing down. This is, first, because North Carolina's booming economic growth is itself coming down. Second, the dollar exchange rate has moved up against the major European currencies and the Japanese yen and this has reduced the attraction of the US, not just North Carolina, as an export manufacturing base.

Third, and most interestingly, foreign executives are becoming worried about a possible labour shortage in the state.

quarters in the state, Peat Marwick found the quality and supply of labour was uppermost in businessmen's minds in 1987 and second to the exchange-rate issue last year.

The high level of foreign investment has its roots in the 1950s when Governor Luther Hodges started promoting manufacturing opportunities to European companies as a means of diversifying the low-wage economy. These were the early days of Research Triangle Park. The campaign gained steam in the 1960s and 1970s but only really took off after the 1981-82 recession.

Foreign businessmen in North Carolina like to talk about the state's advantages in terms of its small towns and pleasant suburbs, the strong banking industry, lower corporate income taxes, a helpful state bureaucracy, even the number of golf courses. Some foreign companies, most notably in the textile industry, simply acquired a North Carolina base and a set of labour and banking relationships through an acquisition. But those who choose North Carolina for a manufacturing site seem to do so for two main reasons: the state's market position and the quality of its labour force.

In terms of the market, North Carolina has been growing much faster than the union as a whole since 1983, with a real growth rate of 5.5 per cent a year against 4.1 per cent for the US. The state is also tied into a transport network that covers the south-east, which is expected to enjoy faster income growth than any other US region for the next two years.

The main road links are Interstate 95, which runs up the coast, Interstate 85, which crosses the industrial section of the south-east from Montgomery, Alabama, up to Richmond, Virginia, and Interstate 49 which crosses the Appalachians into the west. Alongside the big trucking industry are the rail freight networks operated by CSX and Norfolk Southern. And two major airlines have made North Carolina airports the hub of their south-eastern routes: US Air in Charlotte and American Airlines in Raleigh-Durham. There is direct air service to London and Paris, a cosmopolitan touch which North Carolinians do not fail to mention.

Cheap labour, which orig-

nally brought the northern textile industry south to the Greensboro and Burlington regions, remains cheap. Average wages have grown much faster in North Carolina during the 1980s than in the US as a whole, but from a base that was miserably low. According to the Department of Economic and Community Development, the average hourly manufacturing wage was \$3.44 in August, as against a \$10.45 US average. For new businesses, cheap labour has the additional advantage of keeping building costs down. According to F.W. Dodge, which publishes a comparative cost index, building costs are 28 per cent below the national average.

The state government of Mr James Martin is less aggressive than its predecessors in advertising wage-cost benefits and the low level of union representation. It prefers to stress the skills and productivity of the 3.5m workforce and the remarkable community college system, which will certainly be crucial to providing the higher skills required in manufacturing. But there must be some point at which the very low unemployment rates in North Carolina will cause serious shortages and drive up wages.

Mr Dan Friel, an economist at NCNB, says the unemployment rate has crept up to about 4 per cent, from the exceptionally low 3.3 per cent of 1988; in construction, for example, employment is declining, especially in the Raleigh-Durham area and some resort areas which are overbuilt. But a 0.7 per cent difference is neither here nor there when economists used to believe that 6 per cent marked full non-inflationary employment.

So far the labour shortages are being felt most severely at the very bottom of the wage scale and on the tobacco farms in the east. Indeed, manufacturing businesses in the eastern counties, such as Pitt County or the Kinston area, say they have a big surplus of applicants. But in Charlotte, business people are more anxious about the supply of qualified labour. The slower growth forecast for the state this year and next may end up as a partial blessing to foreign investors, if it provides a breathing space for the labour market.

James Buchan

Karen Zagor explores Research Triangle Park

Favourable climate for learning

ROLLING HILLS, clusters of pine trees and the occasional jogger rarely bring to mind science and industry, but scientific research and development is the mainstay of the businesses in the lush surroundings of Research Triangle Park.

It was here that Burroughs-Wellcome developed AZT to combat the Aids virus, here that IBM, with its 10,000 employees, works on personal computers, here that Glaxo has its US headquarters.

Other big names on the list of about 50 companies in the 6,700-acre park include Bechtel Dickinson, Ciba-Geigy, Harris Semiconductor, Rhone-Poulenc and the federal government's Environmental Protection Agency.

The Park's weekly paper even publishes its own Triangle Business Index which includes GTE, IXT, IBM and Westinghouse.

The area is shaped by the three high-ranking US universities which make up the points of the triangle - Duke in Durham, North Carolina State University in Raleigh and the University of North Carolina, Chapel Hill. The highways, and nearby Raleigh International Airport, with its American Airlines hub, have attracted businesses from around the world.

Research Triangle Park was launched in 1959 on \$1.5m, raised by Mr Archibald Davis, then chairman of Wachovia Bank. Mr Davis was also responsible for ensuring that the Park was chartered as a non-profit corporation. The foundation supports itself on profits from land sales.

The Park's first big coup was in 1965 when IBM set up shop with its data communications operation. IBM helped put Research Triangle Park on the map. It remains the Park's largest employer.

"IBM works in a very favourable business climate in North Carolina, and our people enjoy an extraordinary quality of life here," said Mr Richard Daugherty, IBM's general manager at the Park. "North Carolina has been a good climate in which to grow."

Mr Daugherty's sentiments were echoed by Mr Thea Brown, director of public affairs for Burroughs-Wellcome. "Moving to the Park has got to be the best decision we ever made," he said.



Burroughs-Wellcome headquarters: AZT was developed here to combat Aids virus

work on a Ford Foundation study of the Park's regional economic impact, the separation deters talent raids by other companies, which is common in California's Silicon Valley. "There is very little turnover in the Park," said Mr Goldstein.

The Park's influence on the immediate area is enormous. Mr Goldstein said it is responsible for about 53,000 jobs which otherwise would not exist. The Park has helped the state's image as a centre of learning and this should be beneficial eventually for the whole region.

Nonetheless, there is some question whether the Park has been successful in its original aim of "furthering the development of the state of North Carolina".

"The original impact has been fairly localised, disappointingly so in terms of the original plan," said Mr Goldstein. Mr Frank Goldsmith, a lawyer in the mill town of Marion, located in the foothills of the Blue Ridge Mountains, laughed and shook his head when asked if the Park had benefited his town.

Mr Goldstein attributes the growth restraints to the overall low levels of education outside the immediate area. "In terms of high-tech manufacturing, you need a well-educated work force," he said.

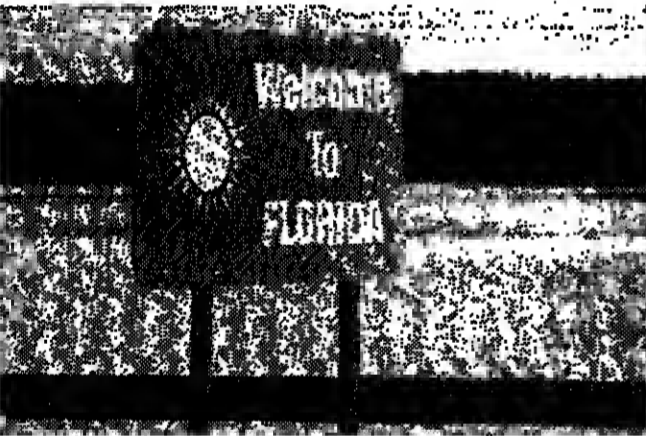
Although about 24 per cent of the population within the Triangle area is college-educated compared with about 18 per cent nationally, North Carolina's overall level of education is below the national average. A 1980 census showed only 12 per cent of the state's popula-

tion had completed at least four years of college education. At the high school level, 55 per cent had completed four years of education compared with 67 per cent for the nation. It is said the state invests heavily in university education but only meagre amounts at the secondary level.

One of the main aims of the Park was to stem the exodus of the state's university graduates. The survey found that an estimated 49 per cent of the Park's professional work force is recruited outside North Carolina. On the other hand, only 17 per cent of the non-professional jobs in the Park are done by outsiders.

Property prices in the area have soared, an added attraction to investors and those working in the Park but a problem to local residents whose salaries are often below the national average.

The Park's bucolic setting is fiercely protected by the area's zoning provisions. Although there is no limit to building height, a covenant dictates that no more than 15 per cent of the total area of a tract shall be covered by buildings. As a result, there are very few small companies within the Park because the zoning regulations make entry costs prohibitively high.



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Tuesday October 24 1989

Dissent in Kuala Lumpur

IT IS IRONIC that Britain and the rest of the Commonwealth should be so sharply divided over South Africa at a time when almost every day brings hopeful developments, whether initiated by President F.W. de Klerk or by the African National Congress (ANC). Even as Mrs Margaret Thatcher and her colleagues in Kuala Lumpur were entering into disputes about the contents of the communiqué on South Africa came the news that the ANC would next weekend be holding its first rally inside the country for nearly 30 years, to be addressed by men recently released after a quarter of a century in jail. These events deserve a constructive and united response from the Commonwealth.

Until the British Prime Minister intervened on Sunday, it seemed that this had been achieved. The statement entitled "Southern Africa: the way ahead," which Mrs Thatcher accepted, noted that there were encouraging signs in South Africa. It held out the prospect of new economic sanctions (although calling for the tightening of existing measures) until April next year. A committee of Commonwealth foreign ministers would then review developments in South Africa. Mr de Klerk was, in effect, put on a six-month probation, which dates from his accession to office last month.

Four occasions

On no less than four occasions in the past week Mrs Thatcher's dissent over South Africa has been noted. Britain's disagreement with the view that sanctions were influencing Pretoria's policies; a refusal to strengthen existing sanctions; opposition to the establishment of an agency to report on South Africa's international financial links; and a continuing refusal to join the Commonwealth foreign ministers' committee which monitors events in South Africa.

At this stage, both parties had compromised. Mrs Thatcher opposed any detailed approval of an ANC negotiating document presented in Harare in September. Commonwealth leaders pointed to paragraphs which attributed blame to South Africa for a combination of internal and external pressures - seen as a

code phrase for sanctions. It was perhaps this interpretation which prompted the British Prime Minister almost immediately to issue a separate statement on southern Africa. Given that Britain's dissenting voice had already been registered, it is not clear why this additional statement was thought necessary; its effect was certainly divisive.

General scepticism

The bitter argument over the communiqué may also have tended to increase the general scepticism about the relevance of Commonwealth meetings to the real world outside the conference chamber and to South Africa in particular. Any call for tougher sanctions seems academic, given that the southern African Commonwealth members have no choice but to trade with Pretoria, and the rest of the Commonwealth (Britain excepted) have negligible links. The organisation's selective morality undermines its condemnation of apartheid, for many of the heads of government preside over regimes whose flaws seldom, if ever, come under the critical scrutiny of the Commonwealth Secretariat.

Yet, limited in influence as the Commonwealth is, it seems that Mr de Klerk takes notice. He seemed to care enough about the organisation to ensure that the release of Mr Walter Sisulu and other political prisoners came almost on the eve of the Kuala Lumpur summit. Even the timing of the announcement of the debt renegotiation last week was unlikely to have been entirely coincidental.

It is also just conceivable that the good offices of the Commonwealth might yet be needed. It was, after all, the Commonwealth's Eminent Persons Group which, in the course of its visits to southern Africa in 1986, drew up what it called a "negotiating concept" designed to bring black and white South Africans to the conference table. When the future of the last few days has died down, this concept, which was again endorsed by Mrs Thatcher in Kuala Lumpur, will remain a constructive contribution to the resolution of South Africa's conflicts.

Competition in gas

FOR THE FIRST TIME in seven years of government attempts to encourage new entrants to the industrial gas market, British Gas faces serious potential competition. Backed by Shell and Esso, Quadrant Gas, the newest entrant, has direct access to gas reserves and should for the first time be able to offer a significant number of industrial customers a choice of suppliers. In addition, after two years of butting heads with British Gas, Agas - an independent supplier - has roughly 2% per cent of the industrial market provisionally contracted, and is negotiating supplies.

These welcome developments are due largely to the efforts of the Monopolies and Mergers Commission and the Office of Gas Supply, headed by Mr James McKinnon. They are also a reminder of the costs of having got the privatisation wrong. The policy development decision to privatise British Gas with neither an adequately articulated structure for regulation nor realistic provision for competition has made it necessary for Ofgas to alter the terms *ex post*. The consequences have been uncertainty for the customers, losses for the shareholders and dislocation for the management of British Gas itself.

The benefits of the new regime are, however, beginning to show through. British Gas has driven its hardest bargains ever in recent gas purchase negotiations. While low contract prices may be partly explained by the queue of gas discoveries waiting for development, British Gas is also facing pressure from potential competitors and cannot afford to pay over the odds for gas.

More efficiency

This competition should in time result in a more efficient industry and lower prices for consumers, but it will not happen overnight. The full benefits of competition can only be realised when a majority of industrial users have a choice of suppliers. This will be slow to develop because British Gas has contracted to purchase nearly all the gas now planned for production, while new gas supplies will become available only gradually.

The more serious worry,

however, must be the anomalous situation into which British Gas has been thrust. Its statutory obligation to supply the market already sits uncomfortably next to its duty to its shareholders, which is why a regulator is needed. Now it is being forced to give market share to its competitors.

Mr Chris Brierley, British Gas's managing director of resources and new business, alluded to this dilemma recently when he said that British Gas had to avoid setting its published price schedule so low as to avoid discouraging potential competitors. Unlike other fuel suppliers, British Gas is forced to publish a national price schedule, which allows both gas and non-gas users to understand the price it prescribes. It is supposed to compete against the other suppliers, yet its hands are tied behind its back and, until they are freed, consumers will not reap the full benefits of competition.

These restrictions are unquestionably needed to allow competitors to establish themselves in the market. In the longer term, however, the pleas from British Gas to have these restrictions removed - particularly the requirement to publish rigid prices - should be listened to. The first step would be for gas transmission services to be divorced from the rest of the business.

Effective competition

If the pipeline network of British Gas were separated out in this way, its managers could be able to contract at arms length both with British Gas itself and with other suppliers. This change could be the basis for effective competition in industrial supply and would thus remedy one of the most egregious mistakes of the original privatisation. What is more, it would be in the interests of the management of British Gas itself. Unless the competitive elements of the business are separated from the monopoly elements, all of it will remain subject to intrusive regulation. Given the way the company is now being dragged by forces beyond its control, it is an alternative that must look increasingly attractive.

Ontario, the most populous of Canada's provinces likes to think of itself as a bustling commercial centre which offers its citizens a good quality of life. It is not so keen about the 10,000 tonnes of hazardous chemical waste stored in government warehouses in the province.

The provincial government believes the only way to deal with the material adequately is by high-temperature incineration. But Ontario, which plans to deal with the residues itself rather than ship them out of the province, will not have a suitable plant until 1994 at the earliest.

Dr Chih Chao, a chemicals-waste expert employed by the government, hopes that the plant, planned for West Lincoln, near Toronto, will go ahead. He notes, however, that in West Lincoln people are worried about the incinerator's environmental effects and have held up construction. "If we are not allowed to build the incinerator, it's really difficult to predict what will happen," he says.

The incinerator in Ontario is typical of the difficulties caused by mounting volumes of chemicals waste in many parts of the world. Much of the discussion of the issue is related to chemicals-treatment incinerators, high-temperature ovens as big as small factories which decompose harmful organic materials into innocuous products by burning them at about 1,000 deg C.

As concern increases in many countries about the environmental effects of waste products from the chemicals and other industries, it seems likely that more of these materials will be dealt with by high-temperature incinerators of the type planned in Ontario.

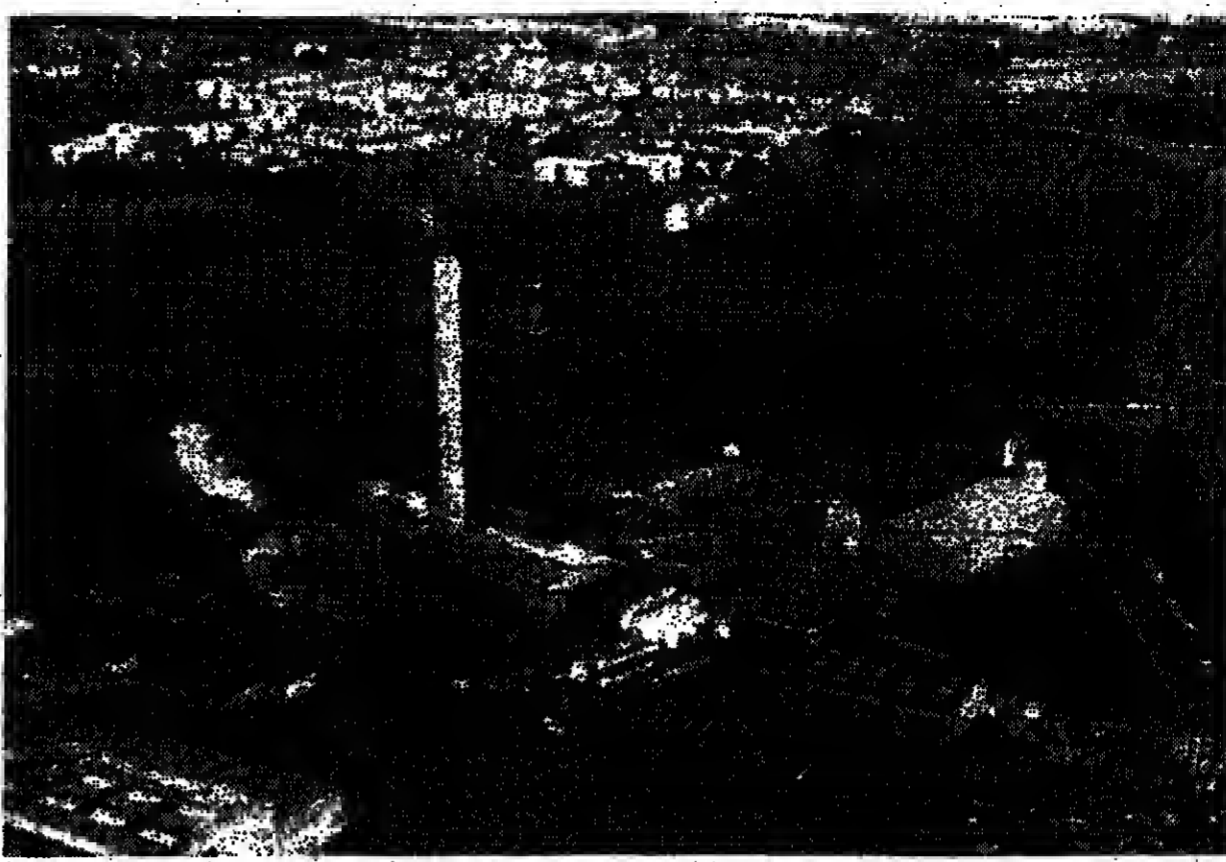
But even though many experts say that incineration is the safest way of dealing with many kinds of hazardous residues, people living near proposed incinerator plants see things differently. They cite the risks either of possible emissions of harmful gases or of spillages of materials during transport, and generally resent plans for such facilities to be sited on their doorsteps.

Ms Kathryn Kelly, president of a Seattle-based consultancy called Environmental Technology, says public opposition will be a "very big factor" to holding back the development of new incinerators.

In the US and western Europe, an estimated 3m tonnes of hazardous chemicals residues, both liquid and solid, are already incinerated every year. The materials are either unwanted by-products of chemical processes or stocks of materials which were once in use but which are now known to be dangerous. The latter category includes a large amount of hazardous materials in the form of solid wastes, which are based on highly poisonous polychlorinated biphenyls (PCBs).

The volume of chemicals waste destined for incineration plants may seem small compared with the total of 500m tonnes or so of residues produced by the chemicals industry in the US and Europe each year. But nearly all this is waste water which can be dealt with by a variety of relatively straightforward separation procedures. Incineration is generally reserved for the most highly toxic materials which have to be handled with particular care.

There are about 70 large chemical-treatment incinerators around the world. This does not include the many hundreds of much lower-tech municipal-waste incinerators which operate in many countries and which work at lower temperatures and without so many control systems. Roughly a third of the chemicals incinerators are in the US, a similar number in West Germany and nearly all the rest are in other parts of western Europe. Most are large cylinders which rotate slowly while burning both solid and liquid wastes. They have elaborate gas-scrubbing systems for removing



A matter of controversy: the Rechem plant at Pontypool

Peter Marsh looks at the problem of toxic waste disposal in a 'green' climate of opinion

Muck, brass and outrage too

any hazardous materials like dioxins which may be produced during burning.

The plants are run either by chemicals companies as a way of disposing of their own waste, by municipal authorities or by waste-disposal contractors. The latter include Tredi in France, Rechem and Cleanaway in Britain and Enaco, Rollins and Chemical Waste Management in the US. For the contractors, which may charge up to several thousand dollars a tonne for handling wastes, incineration is big and profitable business.

High-temperature incineration has come to the fore in recent years as a result of several trends:

- Landfill as a waste-disposal method is increasingly difficult

capable of being presented by their operators as highly clean systems that can remove unpleasant materials with the minimum of danger.

Because of such factors, many in the chemicals industry and among waste-services contractors think the number of incinerators could at least double over the next 10 years. In West Germany alone, at least 10 new incinerators could go ahead in this time, several of them run by waste-management bodies owned by state governments.

of Switzerland had tentative discussions some years ago about joining forces on a new incinerator plant in Britain though they are not going ahead for the time being.

Publicity given to the particular dangers of some organic chemicals, notably PCBs, have focused attention on specific ways of dealing with these materials. PCBs have attracted particular alarm because they are both highly toxic and highly stable; they can stay in the environment for decades, becoming progressively more concentrated in the bodies of animals and holding out the risk, so some believe, of eventually making some species extinct. Incineration is the only proven way of destroying PCBs and similar substances.

The likely growth over the next few decades of the chemicals industry in places outside the western bloc and Japan - particularly in countries such as China and the Soviet Union and in Africa and south America - has made it probable that these places will want to examine incinerator technology as a way of dealing with the waste problems they may encounter. Argentina, for example, is said to be studying plans for incinerators, for use both by its own industry and as a way of earning foreign currency by processing imports.

BA's spot of turbulence

What happens when a company's most ambitious expansion project collapses and its biggest ever rights issue flops? For the merchant bankers, and next on to the investor relations director. So yesterday's announcement that Graham Watts is leaving British Airways after the company's interim results next month is the latest sign that all is not well on the BA management flight deck.

Watts, a 43-year-old engineer, joined BA in 1980 from management consultants Booz Allen and has been the airline's link with the City ever since it went public in 1987. By all accounts he was well respected, because he knew as much about BA's rivals as BA. "He was the sort of person you could ring up and ask what was Turkish Airlines' load factor four years ago," said one admirer yesterday.

Watts, who has no job to go to, seems to have been victim of an internal power struggle. After his job was re-signified earlier this year, he did not like the look of it, so he has decided to quit. As a good company man, he refuses to comment on speculation that relations between Lord King, BA's 72-year-old chairman, and Sir Colin Marshall, the chief executive, are strained. However, as another close observer of the company said yesterday, Lord King may have the upper hand now but, given his age, time is not on his side.

Bad news

Life must be getting bad in the stock market when a respected firm like BZW Investment Management has to organise a seminar on Chaos. BZW's Matthew Annable is opening with a little lecture on the descent into chaos, and there is another on keeping chaos at bay, which sounds more helpful. He has rounded

Collectors

Lord Carrington, chairman of Christie's, will need all his diplomatic skills to ward off the unwelcome embrace of Mr Yasumichi Mizushima, a 37-year-old Japanese money lender who seems to have predatory eyes on his company. Last month he paid £35m for Mr Robert Holmes a Court's 7.5 per cent stake in Christie's, and there is no guarantee that his interest will stop there.

Mr Mizushima owns Aichi Finance and has an uncertain reputation in Japan. He says his interest in Christie's is prompted by his activities as an art collector but in the past he has bought ailing companies and stripped them of their assets.

Next time

The venue of the next Commonwealth summit to 1991 will be Harare, the capital of Zimbabwe, and not Malta, as generally expected. A decision which may not please Mrs Thatcher too much after the drumming she received yesterday at the hands of Mr Robert Mugabe, the Zimbabwean Prime Minister. The enthusiasm for holding the next CEOCM (Commonwealth Heads of Government) meeting in Malta was not very great because, one delegate quipped, the only suitable place that could be found for holding the traditional week-end "retreat" was Tripoli, the Libyan capital just across the water.

Hard luck

In the Portuguese Open golf tournament at Quinta do Lago, Colin Montgomerie's record winning score of 24 under par for four rounds, an eleven shot victory, was less remarkable than what happened to Des Smyth of Ireland. He scored a hole in one on the fourth, but didn't win the luxury Volvo which was on offer for an ace at the fifteenth hole. Last year, Smyth scored the fifteenth, but the car was then attached to the fourth hole.

Several companies say the best way to deal with complaints from local people is to be as frank as possible

After a prolonged war of words, the company and the local authority, Torfaen borough council have agreed to conduct a joint scientific study of emissions from the plant, which may resolve some of the arguments.

As to the future for incinerator plants in general, there is now a reasonably informed debate on the risks and benefits involved in this technology. There is some evidence that the different sides - from the environmental groups and from the chemical and waste-treatment companies - are gaining a clearer understanding of each other's position. Out of this may come agreed solutions in terms of the type of technology, sites and operating conditions for plants of this kind.

Professor Joseph Cornutus, a geneticist at the University of Western Ontario, is one person who can see both sides of the argument. He has become a darling of the environmental movement by studying the effects on animal life of the build-up of chemicals like PCBs. He can also see at least some of the possible drawbacks to incineration in general, there is now a reasonably informed debate on the risks and benefits involved in this technology.

But he says that, taking a balanced and global view of environmental matters, more of the facilities may be needed, especially in the Third World. "Companies with expertise in this field should be encouraged to set up plants where they are needed to take care of hazardous waste; it's better than dumping the stuff in the environment."

Companies such as W&E Umwelttechnik

Observers

up a couple of buffins, including a Harley Street doctor, who believes that research on forecasting unpredictable events like the weather and heart attacks, can be extended to the stock market. It all sounds rather silly, but there is a chronic shortage of sound alternatives.

Not just for patriotic reasons

not just for patriotic reasons, but because it is part of my mission, just as it is part of the evolution of world history.

RAND MINES LIMITED
DIVIDEND DECLARATION

The directors of the company have declared dividend No. 100 as a final dividend in respect of the year ended 30 September 1989 as follows:

Account (South African currency)	440 cents per share
Last day to register for dividend (and for changes of address or dividend instructions)	18th November
Registers of members closed from	4 November to 12 November
Share certificate dividend	6 November
Currency conversion date for sterling payments to shareholders paid from London	6 November
Dividend warrants posted/payable	23 January 1990
Rate of non-resident shareholders' tax	15 per cent


Holder of share warrants to bearer are notified that the dividend is payable on or after Wednesday 3 January 1990 upon presentation of coupon No. 103.

The full conditions relating to this dividend may be inspected at or obtained from the Johannesburg or London offices of the company.


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 per F D W FRAGREY

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"It's Mrs Thatcher's signature - it won't dry on the paper"

not just for patriotic reasons, but because it is part of my mission, just as it is part of the evolution of world history.

William Hall

LETTERS

Britain's record on jobs better than EC makes out

From the Rt Hon Norman Fowler... Sir, I read with interest the Monday Interview with Ms Vasso Papandreu...

tackling over-manning and... place policies to deregulate the labour market...

markets have worked, this record achievement needs to be underlined... I appreciate that it is also important to see how much job growth has taken place over a full economic cycle...

ment only benefits employers because workers often have no choice but to accept such work... In more regulated countries such constraints may operate...

Dutch proposal on EC mergers

From Mr Allard D. Ham... Sir, I would like to put on record the intention of the Dutch proposal regarding EC mergers mentioned in Lucy Kellaway's article...

the qualitative criterion of whether a merger may affect trade between member countries... For this reason, the Dutch proposal introduces a power for the Commission to intervene when a merger reinforces a dominant position...

Ads, alcohol and the research

From Mr Peter Mitchell... Sir, Dr Aitken in his letter of October 14 calls for "reasoned and forthright discussion" on the supposed influence of advertising on total alcoholic drinks consumption...

Canada's Addiction Research Foundation, reviewing international research in 1988, found that "numerous economic studies indicate that alcohol advertising expenditures have no effect on total alcohol sales or beverage class..."

British industry

From Sir Arthur Knight... Sir, Martin Wolf ("Questions over the British miracle," October 14) identifies as Britain's oldest and most fundamental remaining problem relationships between price, quality and mobility of labour in manufacturing industry...

Money GDP

From Dr Andrew Blake and Messrs Andrew McKay and Martin Weale... Sir, Nigel Lawson takes the view that M0 is a necessary coincident indicator because a reasonably reliable estimate of money GDP takes many months to produce...

Politicians fail the pig farmers

From Mr Paul Howell, MEP... Sir, David Richardson's informative article on the pig sector ("Brussels tears strips off the bacon," October 17) is to be applauded...

A proposal for a turnover tax

From Mr Edmund Jackson... Sir, John Reid's suggestion (Letters, October 20) to prohibit the sale of shares within a year of purchase, in order to discourage speculation...

A more daring method of assessing public sector scientific research

From Dr Donald Braben... Sir, Your leader "A strategy for UK science" (October 19) nicely summarises many aspects of the paradoxical state of academic research...

complex, but no more so than other issues that determine financial health and flexibility, and which are routinely debated at the highest levels of industry and government...

owe their origins to frozen snapshots in time of the ways we believe (or believed) nature to work... On present policies, the relative importance of scientific disciplines ebbs and flows...

tactics. They also encourage creativity and originality independent of any field, rather than productivity per se... They are obvious virtues and there is no reason why they could not be used more extensively...

The idea of a Marshall Plan for eastern Europe, which I discussed back in July, has been widely criticised... But at last weekend's Frankfurt conference of the Institute for East-West Security Studies...

FOREIGN AFFAIRS

Marshall aid or martial law

Edward Mortimer argues it is in the West's interest to bolster eastern Europe's economies

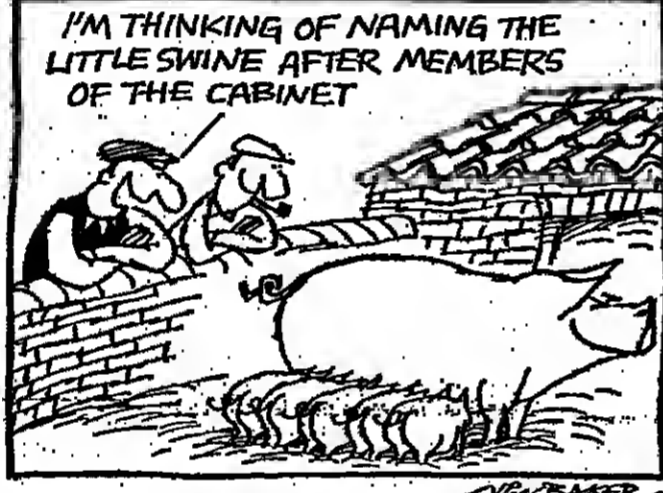
Of course no one is suggesting that the present situation in eastern Europe, or in the West for that matter, lends itself to a carbon copy of the 1946 European Recovery Act... But there are several reasons why the example of the Marshall Plan is worth keeping in mind...

the form of unconditional largesse showered upon European governments... Dollar credits were made available for specific items - mainly food, to keep the population alive until European agriculture could recover...

The Marshall Plan was an act of generosity but also of enlightened self-interest

reform are implemented. At the same time the Poles should be drawing up, with Western expert help, a detailed shopping list of (a) food and consumer goods to satisfy the immediate needs of the population and head off the imminent hyperinflation...

West to East-West trade is called for now... Last week at the IEWSS conference Mr Robert Mosbacher, the US Secretary of Commerce, said that the US plans to extend its Generalised System of Preferences (hitherto reserved for developing countries) to Hungary and Poland...



Politicians fail the pig farmers

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FINANCIAL TIMES

Tuesday October 24 1989

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Citicorp arm to cut coverage of UK market

By Richard Waters in London

CITICORP'S UK securities house, Citicorp Scrimgeour Vickers, is preparing to cut up to half of its research cover of the London equity market.

While other securities houses continue to believe that full coverage is vital for any firm that wants to remain in the big league, CSV has decided to analyse only 10 or 11 sectors, representing between a half and two-thirds of the market in terms of capitalisation.

One former CSV analyst said: "It's a very major climb-down to go from being one of the majors to dropping nearly half your coverage."

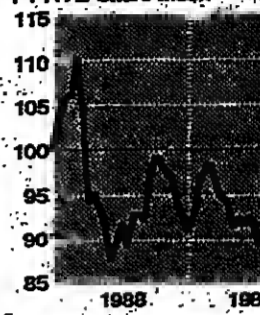
Mr Nick Whitney, managing director of CSV's UK equities business and a former head of global research at Warburg Securities, said the decision reflected a desire to concentrate on areas where CSV could build a market share of 6-8 per cent, becoming a leader in those areas.

CSV estimates that the cost of researching the entire London market is about £10m a year. Merely to cover this, a firm would need to win 4 per cent of the estimated £250m commission income earned in the UK. CSV said this suggested that others would also have to scale back.

Paribas banks on being big

Lucas

Share price relative to the FT-All Share Index



Once again this morning, the market finds itself critically dependent on a random number in an erratic series. With trade-weighted sterling at its highest for a fortnight, the currency is as vulnerable as ever to a disappointing trade figure.

Paribas/Mixte Of various motives Paribas has produced yesterday for its assault on Navigation Mixte, the most plausible is that it just wants to get bigger.

share price combined with the rise in interest rates meant the issue was never going to be a great success, especially since it could not be sold to US investors who make up a sizeable chunk of the share register these days.

may be to the liking of Lucas's management. One of them is relatively familiar and lies in the vigour with which the company has slimmed down its automotive division, where margins have doubled to 8.9 per cent in four years.

Rights issues

One by one, the crashed rights issues are piling up on the runway. Renaults yesterday, as well as British Airways. There are one or two still due from the brief flurry of cash calls in the last week of September, just before the market succumbed to the last set of trade figures.

Lucas Industries

Disastrous Lucas's full-year figures uncharitably and it is easy to give ammunition to the bears. True, pre-tax profits were up nearly 30 per cent at £187m, but within that was some £11m from the sale of old factory sites.

British Airways

The embarrassing flop of the British Airways rights issue is the least of the company's current problems. The fall in the

Commonwealth attacks Thatcher

By Robert Mauthner and Roger Mathews in Kuala Lumpur

MRS Margaret Thatcher, Britain's Prime Minister, yesterday came under fierce attack from other Commonwealth leaders for her decision to publish a separate statement on South Africa, after subscribing to a joint declaration approved by all the heads of government last Sunday.



The most virulent onslaught came from President Robert Mugabe of Zimbabwe who described Mrs Thatcher's action as "despicable and unacceptable."

Mr Bob Hawke and Mr Brian Mulroney, the Australian and Canadian Prime Ministers, both angrily jumped to their feet at yesterday's morning session to demand an explanation.

British Prime Minister Margaret Thatcher in Kuala Lumpur yesterday and two of her critics, Australian Prime Minister Bob Hawke (left) and Canadian Prime Minister Brian Mulroney, who was reported to have said: "I will speak first, Margaret, and give you the right of reply, which is more than you did."

British officials confirmed that it was at the suggestion of Mrs Thatcher, who said she "did not mind" the text but that she could "live with it" if the others also accepted it, that the declaration was approved by the leaders at their island "retreat" of Langkawi in only 30 minutes last Sunday.

Hungarian republic

Continued from Page 1

Yesterday's events, which started with a Mass in St Stephen's Basilica in the centre of the city, were a culmination of a series of extraordinary changes in Hungary over the past few days.

Rafsanjani reveals proposals to spur industry with foreign help

By Victor Mallet in Tehran

PRESIDENT Ali Akbar Hashemi Rafsanjani of Iran yesterday outlined plans to liberalise the financial system and revive industry with the help of private businessmen and foreign partners.

Mr Rafsanjani said at a news conference at the Presidential Palace in Tehran the Iranian Government wanted to create an atmosphere in which healthy business could exist.

The private sector wants to open in other countries," he said. "The Iranian banks have the duty to guarantee all credits opened by government and private companies anywhere in the world."

Table with columns for location, temperature, and weather conditions. Includes locations like Adelaide, Albany, Aberdeen, etc.

Bush and Congress reach stalemate

Continued from Page 1 Not only are the sequestration cuts in spending more genuine and longer-lasting than congressional measures - making deficit reduction much easier for next year - but they would also enable the Administration to keep in reserve until next year various revenue-raising devices.

Faced with this fiscal morass, Mr Richard Darman, the Budget Director, has said the Administration would be willing to live with the Gramm-Rudman cuts rather than approve an unsatisfactory package from Congress.

tion and the Senate Republican leadership are under fire for being weak on the question of capital gains tax cuts and many Republicans want firm undertakings about early action on the issue.

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INSIDE A wealth of history

The Rothschild's bank was arguably the world's first multinational financial institution. For it was the decision of the bank's founder, Mayer Amschel Rothschild, to send his four sons to establish banks in London, Paris, Vienna and Naples that created the basis of what has become one of the world's largest private financial networks and a byword for wealth across Europe.

Nonchalance in the markets

The world's leading stock markets may have stared into the abyss for a horrifying moment at the start of last week, but they were putting on a breezy display of nonchalance by the end of it. Japan's steady influence and the remarkable bounce back by US shares from their plunging on Friday October 13 meant that the FT-Asiatic World Index closed with a gain of 1.2 per cent.

Swiss debate role of warrants

Three years after they were invented covered warrants in Swiss equities are provoking argument in Zurich and Geneva about whether their impact on the stock market is healthy. The debate centres on the contention that the warrants - are draining away liquidity. However, this view is not sustained. In a study by Lombard, Odier, the Geneva private bank, reports William Doolittle. Page 32

Evolving policy

Ray MacSharry (left), former Irish Finance Minister and EC Agriculture Commissioner for the last 10 months, is said to be assessing his new role. The policy is developing, it's evolving, but it won't have all the elements yet," he tells Bridget Bloom. Page 40

Market Statistics

Table with 2 columns: Market Statistics and values. Includes items like Base lending rates, Benchmark Govt bonds, FT-Asiatic indices, etc.

Companies in this section

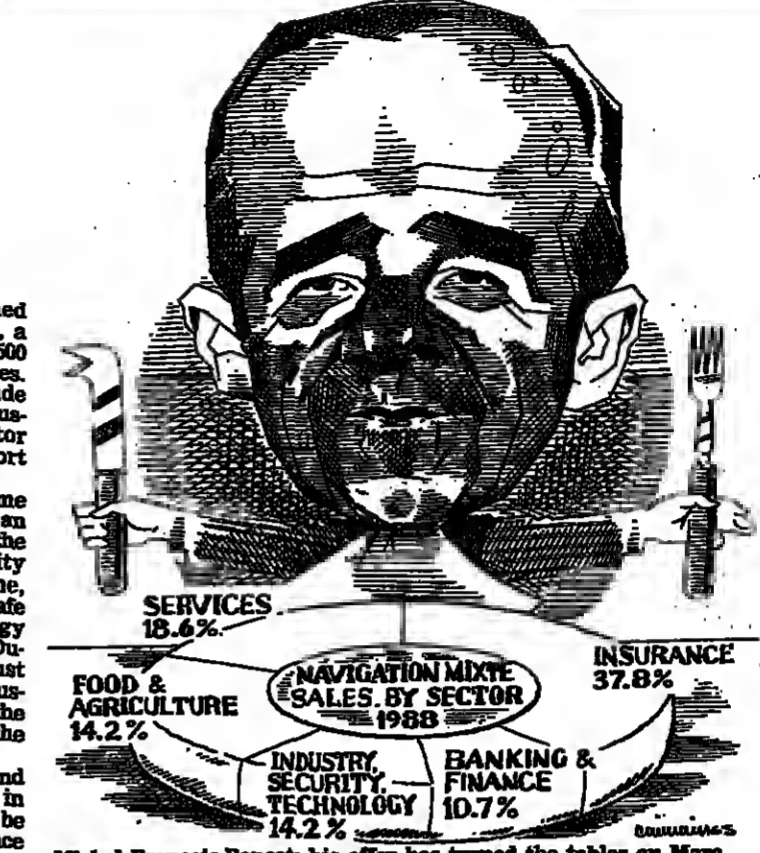
Table listing various companies and their share prices. Includes Allied London Props, McDonald's, ASDA, etc.

Paribas bid heralds a change of course

George Graham on the offer for Navigation Mixte

The jockeying for position among France's leading financial institutions has taken another remarkable turn with the announcement yesterday that, after two weeks of hectic stock market activity, Paribas, the banking and investment group, has launched a bid for control of Compagnie de Navigation Mixte, a cash rich financial conglomerate.

Founded in the 1850s as a shipping company, it no longer has anything to do with navigation, though it does have some land transport interests and a few tuna fishing boats. In terms of turnover, its main sector is insurance, where its subsidiaries Via Assurances and the recently acquired Rhin et Moselle had FF2.87bn of premium income between them last year.



Michel François-Poncet's offer has turned the tables on Marc Fournier of Navigation Mixte. Fournier remains to be seen, however, is the attitude of the other major shareholders in Navigation Mixte: traditional allies of Mr Fournier, such as Cilest, the investment subsidiary of Crédit Lyonnais, General, an arm of Société Générale, and Unifrance, in the Crédit Agricole group, as well as Assurances Générales de France (AGF), the state-owned insurance group which has been building up its stake in recent weeks, in parallel to Paribas.

Crédit Agricole outwits Italian financiers

By John Wyles in Rome and William Dawkins in Paris

FRANCE'S Crédit Agricole, Europe's largest bank, is set to take a 13.3 per cent stake in Nuovo Banco Ambrosiano (NBA), in a surprise move which has embarrassed and outflanked two of the top names in Italian finance, the Generali insurance group and the Gemina financial holding company controlled by Fiat.

Overseas markets boost Lucas

By Richard Tomkins in London

LUCAS Industries, the aerospace, automotive and industrial group, shrugged off sluggish performances from some of its UK operations and increased pre-tax profits by 28 per cent from £146.3m (£231m) to £187.1m in the year to July.

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Qintex share price is halved

By Chris Sherwell in Sydney

THE FUTURE of Mr Christopher Skase's Qintex International media and resorts empire was seriously in question last night after the market values of his companies were cut in half on Australian stock exchanges.

month. In a statement from Brisbane yesterday, the group said Qintex Australia does not have a majority of the directors of Qintex Entertainment, and the Qintex Entertainment board and management determined that in the absence of full unconditional financial support for all of Qintex Entertainment's financial requirements that the procedures for restructuring under Chapter 11 should be avoided.

INTERNATIONAL COMPANIES AND FINANCE

Wärtsilä Marine decides to file for bankruptcy

By Enrique Tessieri in Helsinki

THE board of Wärtsilä Marine, one of Europe's largest privately-owned shipbuilding companies, which was rescued last August by a financing package from the Finnish Government, decided to file for bankruptcy yesterday.

The decision comes only 11 days after Mr Ilkka Suomen, the Minister of Trade and Industry, announced losses at the company amount to FMI 7bn (\$400m), or roughly FMIbn more than the figure forecast two months ago.

The minister also said there should be an investigation into the true financial standing of the company.

Wärtsilä Marine had called for a shareholders' meeting on November 2 to decide whether the company should be put in liquidation. The company cited rising costs in Finland, high government subsidies in EC countries, and no new orders

from the Soviet Union for the past three years.

Revelations that the cost of keeping Wärtsilä Marine afloat would be much higher than originally expected, last week prompted the banks to pull out of the financing package.

The financing package, which was speculated to be between FMI600 to FMI900m last August, was originally given to Wärtsilä Marine to ensure ship orders until 1991, as well as 6,500 jobs.

The package was made up by the Export Guarantee Board, which carried a 50 per cent responsibility for the financing of the company, and Union Bank of Finland and state-owned Postipankki with 25 per cent each.

Wärtsilä and Valmet, the other party which owned 30 per cent of the shipbuilding company, jointly have 25 per

cent responsibility.

A Wärtsilä statement said yesterday that if the financial deficit in the package proves to be larger than estimated, its liability is limited to 23.5 per cent. Last September 1, Wärtsilä reduced its stake in the shipbuilding company to 19 per cent from 70 per cent.

The decision to file for bankruptcy was taken while its board president, Mr Bryr Wahlroos, a Ministry of Trade and Industry official who represented the Government in the Wärtsilä Marine talks, was on holiday in Crete.

Mr Niemi, who claims that he has been in constant touch with Mr Wahlroos, gave a laconic explanation as to Wärtsilä Marine's decision to file for bankruptcy: "The money dried up."

Shares in Wärtsilä were suspended in Helsinki and Stockholm after the decision.

Acquisitions lift profit at Rauma-Repola

By Enrique Tessieri

RAUMA-REPOLA, the Finnish engineering and forest group, yesterday announced a strong advance in its first eight-month profits, owing largely to acquisitions.

Pre-tax profits were lifted to FMI288m (\$42.5m) from FMI239m on sales which rose 43 per cent to FMI7.65bn from FMI5.93bn for the same period last year.

Rauma-Repola also forecasts a rise in net sales for the year to FMI12bn, compared with FMI9.7bn in 1988 and an improvement in profits.

The company said acquisitions helped Rauma-Repola's better financial performance. Also, losses for the group's shipbuilding sector were lower than the preceding year.

Rauma-Repola's shipbuilding sector incurred a FMI265m loss last year on sales of FMI1.26bn. The engineering division lifted sales to FMI2.64bn from FMI1.70bn, while paper and pulp saw a 9 per cent slip to FMI1.44bn. Sales of the mechanical woodworking division rose to FMI1.32bn.

Statoil opens troubled Mongstad refinery

By Karen Fosell in Oslo

MONGSTAD, Europe's most modern and costly refinery, will today be officially opened by Statoil, Norway's state oil company, following the completion of a NKR12bn (\$1.73bn) expansion project which went away forcing a reorganisation of the company.

Mongstad's refinery capacity was expanded to 6.5m tonnes from 4m tonnes at a budget over-run of NKR6.8bn, of which NKR4bn was charged directly to state coffers.

Statoil concedes that because of the excessive capital costs the plant is unlikely ever to become a high-return project.

But it adds "the outlook for refining margins is such that [Mongstad] is likely to be a significant contributor to Statoil's cash flow and earnings and an important foreign exchange earner for Norway in the 1990s."

Mr Arve Johnsen, Statoil's former anticorrupt president of 15 years, was forced in 1988 to step down over the affair, which is described as Norway's biggest industrial scandal. He

was succeeded by Mr Harald Norvik who reorganised the company into three divisions.

Statoil has written off NKR5bn on the project in the past two years, and the final Mongstad bill will be more than twice the cost estimate of 1984. The old refinery produced primarily coke and distillates used for fuel oil while the new facility will turn out mainly light product qualities, such as gasoline and diesel.

Mongstad will enable Statoil to triple sales from 3m tonnes of crude in 1988 to 10m in 1990 and around 1m tonnes of refined products in 1990, primarily petrol and diesel. The refinery also has one of the world's largest underground crude oil terminals, with a crude storage capacity of 1.3m cubic metres.

Statoil estimates that Mongstad will become one of the busiest harbours in northern Europe.

Eventually, over half of Mongstad's petrol production will be sent to the US east coast.

Sanofi forecasts 20% rise in earnings

By William Dawkins in Paris

SANOI, the pharmaceuticals and cosmetics producer controlled by Elf Aquitaine, the French oil group, yesterday predicted that earnings would rise 20 per cent this year on a 17 per cent rise in sales.

Turnover of this internationally ambitious group reached FFR14.5bn (\$3.5bn) in 1988, on which its net income was FFR976m. Sanofi yesterday unveiled a 6.5 per cent rise in sales to FFR15.5bn for the first nine months of this year, as against FFR11.5bn in the same period of 1988, a rather slower rate of growth than previously.

Sanofi attributed the change to slower sales in its agri-veterinary division and falling prices in its rendering business.

However, Mr Jean-François Desoer, group chairman, said: "In an ever competitive international business environment and increasingly difficult economic conditions... 1989 should again be a good year."

Growth in Sanofi's three main sectors, human health, bio-industries, and perfumes, and cosmetics would be stronger in international markets than in France, he said.

NMB considers Banca Agricola Milanese stake

By Laura Raun in Amsterdam

NMB Postbank, the newly merged Dutch bank, is considering buying a stake in Banca Agricola Milanese from Sasea, the Italian-controlled holding company.

Such an acquisition would form part of NMB Postbank's plans for expansion in the European Community, NMB Postbank said yesterday.

NMB added, however, that a West German bank also had been approached by Sasea, which is the parent company of a Geneva-based investment banking group headed by Mr Florio Fiorini.

French enticed by scent of LBOs

William Dawkins on Continental Europe's busiest buy-out market

Deal-makers are again starting to fish hard for management and leveraged buy-outs in France which is already Continental Europe's largest and most active buy-out market.

Attracted by a sharp increase in the number of buy-outs - though from a very low base - at least three institutions are launching new efforts to entice managers to take stakes in their own, or other peoples' businesses.

Around 100 French companies launched buy-outs last year, bringing to 300 the number recorded since 1980. This sudden jump in the growth rate is a telling illustration of the greater openness and fresh thinking to have entered French management culture in recent years.

LBO France, the Paris-based specialist in buy-out financing is in the final stages of preparing a large equity fund, underwritten by a leading US investment bank.

Meanwhile, the Paris branch of St, the provider of risk capital owned by the UK clearing banks, is doubling the funds at its disposal in France to FFR1bn (\$150m).

The British institution aims to stimulate so-called management buy-outs, where independent management teams take over companies undergoing succession problems, an issue facing thousands of medium-sized, family-owned businesses in France.

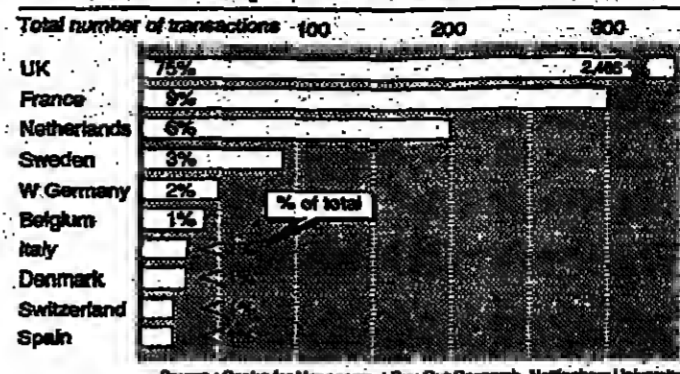
Several other financial institutions are hovering in the wings, preparing buy-out funds to be launched in the next few months.

The common thread in this activity is a feeling that now is the time to tap the huge potential in the market for the provision of equity finance to French medium-sized companies.

Nobody is expecting an explosion of buy-outs, though they are expecting exciting opportunities. What has until now prevented that potential from being realised on the same scale as in the US and Britain provides an insight into the wider growth problems faced by the lesser players in French industry.

The two most important problems facing French medium-sized business today are the relative weakness in equity financing and the fact that

LBO's in Europe from 1980 to 1988



they have owner managers who have not planned for their succession. Quite often we have to solve both problems at the same time," says Mr Michel Biegala, managing director of St in France.

Broadly, French buy-outs have fallen into two types. First, there are large companies seeking to shed peripheral businesses in order to concentrate on core activities.

A typical example is the FFR700m buy-out by a financial consortium of Saunier Duval Eau-Chaud-Chauffage, a heating company that no longer fitted with the strategy of its former owner, Sain-Gobain, the glass and pipes group.

Equally, many buy-outs involve family-owned companies drawn from the thousands which formed a significant part of France's post-war economic revival. These are looking for ways to pass on ownership to the next generation of managers.

The prime example here is the Darty family, which last year promoted a FFR7.1bn management and staff buy-out of the chain of electrical stores bearing its name.

The French Government has, like several of its European partners, tried to encourage the trend, for example, introducing tax incentives to help buy-outs. Even after this recent burst of activity, buy-outs are a very long way indeed from being as popular in France as in the UK, the European cradle of management buy-outs.

France's 300 deals since the turn of the decade, compared with Britain's 2,466 buy-outs over the same period.

One problem is that French

medium-sized business's traditional heavy reliance on loan rather than equity capital has left them more heavily geared than their British counterparts, argues St's Mr Biegala.

Many are ill-suited to crank up their debt leverage further, so limiting their ability to stage highly geared buy-outs. St Paris reckons the average company in its 57-strong portfolio - of which 12 are buy-outs - runs a debt gearing ratio of 65 per cent.

That is down from 105 per cent five years ago and probably well below the national average.

Mr Biegala believes the real need is for so-called management buy-ins, with a high component of equity supplied by institutional backers of an outside professional management team, rather than attempting to pass on the company to an unenthusiastic younger generation of shareholders.

"These days, we have two management buy-ins under negotiation for every management buy-out," says Mr Biegala.

Until recently, most French buy-outs have been set up as so-called "rachat d'entreprises par les salariés" (RES), a format allowed under a 1984 law, allowing tax concessions for staff and the company.

The big restriction, until the rules were relaxed slightly two years ago, was that staff had to own 51 per cent of the company, in contrast to the US where institutional backers usually end up with the lion's share.

"That was a real problem. In the US you almost never have RES type situations," complains Mr Laurent Adamowicz, a vice president of Banque Par-

ibas, the French investment bank.

Clearly, the RES structure is not suitable for the billion-dollar buy-outs that are a feature of the US market, yet it has still proved a useful tool for some sizeable French deals.

The Darty takeover, for instance, was an RES, helped by innovative financing from LBO France, which initiated the deal, and Credit Lyonnais, which led the funding.

Recognising the limits of RES-type staff buy-outs, the former right-wing Government issued an easier tax regime for buy-outs in early 1987, before losing to the Socialists last year.

This took the form of the law of "fiscal integration," which allows the operating company being bought out and the management group doing the takeover to consolidate their taxable incomes.

A result buy-outs can write off interest payments in full against tax, irrespective of the level of staff ownership, a crucial part of making possible the high debt leverage typical of such deals. "That changed the landscape completely. At last you can do a true LBO without it being an RES, with all the restrictions that entails," says Mr Adamowicz.

The move also makes mezzanine financing more attractive. This is the subordinated - and usually convertible - loan stock placed between straight equity finance and primary, or senior debt. "The advantage is that it means the buyer needs to put in less equity," explains Mr Adamowicz, though he admits it may take some time for the fledgling French buy-out market fully to appreciate the usefulness of this specialised kind of funding.

But still, French tax rules for buy-outs are far from perfect, complain development capitalists. Fiscal integration, for instance, is only available if the buy-out team manages to capture 95 per cent of the shares, a far higher level than under US and British tax rules.

Mr Gilles Cahen-Salvador, senior partner in LBO France, explains: "When you are mounting a buy-out for a public company, you never know whether you are going to reach 95 per cent - and of course that makes all the difference."

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INTERNATIONAL COMPANIES AND FINANCE

Exxon registers 9% fall to \$1.11bn

By Martin Dickson in New York

EXXON, the world's largest oil company, suffered a 9 per cent dip in third-quarter net income as lower earnings from refining, marketing and chemicals more than offset a rise in upstream profits.

winter, faces a mass of claims. Mr Lawrence Rawl, Exxon's chairman, said that while earnings were down in the quarter compared with 1988, crude production had recovered to the highest level of the year, natural gas prices had improved in key European markets, and sales of petroleum products continued to run ahead of 1988.

year. Chemicals earnings dropped \$90m to \$254m. Among other oil companies reporting yesterday, Occidental Petroleum announced third-quarter income of \$108m or 39 cents a share, against \$105m or 38 cents in the corresponding period last year.

earnings were \$17m, down from \$30m, with gas transmission up at \$34m, compared with \$3m.

Expectation of new bid helps boost UAL stock

By Roderick Oram in New York

STOCK OF UAL clawed back a little ground yesterday as management, pilots and flight attendants scrambled to assemble a new offer for the parent of United Airlines, the second largest US carrier.

Strong global sales push Rand Mines to new peak

By Jim Jones in Johannesburg

RAND MINES, the mining arm of the Barlow Rand group, lifted sales and profits to record levels in the year to September but it has written off some investment in three of the four gold mines it manages.

ted because of continued buoyancy in international markets for coal and base minerals. South Africa's coal exports have been less affected by sanctions than analysts feared, as strikes and transport problems have affected sales by other big coal exporting countries.

(ERPM) and Durban Deep have not paid dividends for several years. They are unlikely to do so in the near future. The directors have decided to write down the group's investment in ERPM, Durban Deep and Blyvooruitzicht as they are marginal.

Smurfit lifts buy-out offer for US unit

By Roderick Oram

JEFFERSON SMURFIT, the Irish packaging group, has raised its buy-out offer to the minority shareholders of Jefferson Smurfit Corp, its US subsidiary, to settle suits from dissatisfied stockholders.

The buy-out is part of a complex restructuring announced in August, under which Smurfit will leverage its US holdings so it can extract more than \$1bn in profits. A pool of investors organised by Morgan Stanley, the Wall Street investment bank, is Smurfit's partner in the plan.

Sharp decline at Union Carbide

By Karen Zagor in New York

UNION CARBIDE, the leading US chemicals group, reported sharply lower third-quarter earnings yesterday, reflecting the declining health of US chemical and plastics markets.

an 11 per cent increase in sales by its industrial gases business, offsetting lower sales from chemicals and plastics. For the first nine months, net income advanced 5 per cent to \$643m from \$601m. Earnings per share rose 1 per cent to \$3.74 from \$3.71, or to \$3.59 from \$3.55 on a fully diluted basis.

23 per cent to \$331m. For the chemicals and plastics sides operating profits plunged 32 per cent to \$228m in the quarter, after falling 9 per cent in the second quarter and 20 per cent in the first period.

Stagnant third quarter at Allied-Signal

By Karen Zagor

ALLIED-SIGNAL, the US industrial conglomerate, yesterday reported essentially flat third-quarter net income and sales.

was largely offset by non-recurring gains of \$165m from the sale of an automotive electronics unit and the formation of a joint venture with Union Carbide.

restructuring charges and results of the automotive electronics unit. The earnings fall was attributed to an overall decline in car and truck sales and increased investment in anti-lock brake systems.

Cummins Engine losses mount

By Martin Dickson

CUMMINS ENGINE, the troubled manufacturer of diesel engines, yesterday reported a more than doubled net loss of \$2.7m in the third quarter. The company, the world's largest maker of diesel engines, with over 50 per cent of the American heavy duty truck market, has been hit by a precipitous downturn in US truck sales.

share, on sales of \$908.3m. Cummins said third-quarter results were historically the lowest because of holding shares down and a seasonal drop in demand for engines and parts.

than last. Some pick-up in the marine market was now evident, while industrial goods for sale had held up well. Meanwhile, nine-month net earnings totalled \$3.6m on sales of \$2.7m and a loss per share of 31 cents. In the same period of 1988 there was a net loss of \$4.4m or \$1.36 a share on sales of \$2.4m.

Hasbro meets forecast with 73% profits rise

By Our Financial Staff

SHARPLY HIGHER third-quarter revenues and earnings are reported by Hasbro, the world's leading toy company. Net earnings jumped 73.1 per cent to \$13.3m or 53 cents a share, from \$7.6m or 31 cents a year ago. Revenues increased by 9.4 per cent to \$469m from \$428.4m.

man and chief executive of the New York-based group, said the latest figures were in line with expectations and showed a significant improvement over 1988, even allowing for the \$10m pre-tax provision made last year for ending development of the company's interactive video entertainment system.

Improvement in margins aids McDonald's

By Our Financial Staff

HIGHER third-quarter results reported by McDonald's Corporation, the fast-food chain, reflect improved margins at company-operated restaurants of 19.3 per cent, up from 18.4 per cent a year ago.

Ford to curb US imports of models from Europe

By Kevin Done, Motor Industry Correspondent

FORD is to give up importing its European top-of-the-range Ford Scorpio to the US and is to abandon its Mercury brand name in the US.

US and sells in a rarified segment of the US car market above \$40,000, a segment in which Ford is not represented.

Formica Corporation has been acquired by FM Holdings Inc. a corporation formed by Saratoga Partners II, L.P. and the management of Formica Corporation. The undersigned initiated this transaction and acted as financial advisor to FM Holdings Inc. Dillon, Read & Co. Inc. October 12, 1989

\$125,000,000 Formica Corporation Subordinated Floating Rate Bridge Notes. The undersigned committed to and provided bridge loan financing to Formica Corporation. Dillon, Read Interfunding Inc. October 12, 1989

\$100,000,000 Formica Corporation 14% Senior Subordinated Notes Due 1999. The undersigned underwrote and sold these securities. Dillon, Read & Co. Inc. October 12, 1989

\$95,910,000 Formica Corporation 15 3/4% Subordinated Discount Debentures Due 2001. The undersigned negotiated the private sale of these securities. Dillon, Read & Co. Inc. October 12, 1989

Interim advance at Kao

By Stefan Wagstyl in Tokyo

KAO, the Japanese maker of soaps, detergents and toilettries, yesterday posted a 10 per cent gain in interim pre-tax profits to ¥17.9bn (\$125.7m), in the face of increasingly intense competition in the domestic market.

Sales were 7.6 per cent higher at ¥35.4bn. In the core household and personal products divisions, sales growth was held back by tough competition, particularly in hygiene products and in laundry detergents and cleaning agents.

U.S. \$75,000,000 SWEDBANK (Sparbankernas Bank) Subordinated Floating Rate Notes due 1997. Notes to be sold for the three months interest period from October 24, 1989 to January 24, 1990. The Notes will carry a floating rate of 8% per annum. The interest payable on the relevant interest payment date, January 24, 1990 will be U.S. \$6,750,000 and U.S. \$20,000,000 payable for Notes in denominations of U.S. \$250,000 and U.S. \$100,000. The sum of U.S. \$20,000,000 will be payable for U.S. \$10,000,000 principal amount of Registered Notes. By The Chase Manhattan Bank, N.A. London, Agent Bank October 24, 1989

FIRST CITY BANCORPORATION OF TEXAS, INC. US\$100,000,000 Floating Rate Notes due January, 1995. In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period 24th October, 1989 to 24th January, 1990, has been fixed at 8 1/4 per cent per annum. Interest will therefore be payable at US\$226.81 on 24th January, 1990. MANUFACTURERS TRUST COMPANY Agent Bank

INTERNATIONAL COMPANIES AND FINANCE

Japanese brokers hold growth despite slide in TSE volume

By Ian Rodger in Tokyo

A BOOM in trading of warrants, mainly on Japanese corporate bonds issued in the Suro markets, enabled Japan's Big Four securities houses to maintain profit growth in the six months to September, despite a slide in trading volume on the Tokyo Stock Exchange.

The profits of Nomura Securities, the largest securities house on warrant trading, soared to ¥73,847bn (¥820bn) up 89 per cent on the previous six-month period to March, the basis on which the brokerages compare their results.

At Daiwa Securities, profits from this business were up 63.9 per cent to ¥31,108bn, those of Nikko Securities were up 17.6 per cent to ¥16,982bn and at Yamaichi Securities up 63.4 per cent to ¥17,490bn.

Apart from the warrant trading and an active new issue market, the securities houses' results were dull. Nomura said TSE trading volume fell due to the rise of the discount rate, the appreciation of the dollar and the unstable political scene.

Nomura traded 19.6m shares for customers, down 42 per cent from the previous six months to March. However, high corporate profits supported share prices.

The value of transactions was down only 26 per cent to ¥33,100bn. Nomura underwrote ¥723.3bn in new issues, down 32 per cent from the previous period.

The bond market was weak because of the rising trend of interest rates and the depreciation of the yen, and despite the development of the bond options and bond lending markets. Nomura's trading volume

was down 7 per cent from the previous six month period to ¥272,000bn, and the net gain on trading was off 38 per cent to ¥12.6bn.

The company placed ¥3,000bn worth of beneficiary certificates of investment trusts during the period, up 2 per cent, and the outstanding balance of ¥12,600bn was virtually unchanged.

Daiwa Securities, the second largest company, said its commission income was down 4.9 per cent to ¥228.9bn compared with the six months to March 31.

Nikko Securities said it made special efforts to promote business in foreign bond issues and achieved a 6 per cent rise in trading value to ¥185,760bn. Bond futures trading rose 11 per cent to ¥112,000.

The value of Nikko's new bond issue subscriptions and distribution was up 20 per cent to ¥1,198.5bn. Similarly, its subscription and sale of investment trusts rose 23 per cent to ¥2,420bn. Growth was stimulated by programmed trading funds, the company said.

Yamaichi Securities said its share trading value dropped 19 per cent to ¥25,490bn and its commissions fell 11 per cent to ¥114bn.

Nikko and Yamaichi made profits of ¥1,668bn and ¥2,822bn respectively on bond dealing after losses in the previous period.

Daiwa named Mr Masahiro Dozen as its new president. Mr Dozen, aged 53, yesterday replaced Mr Sadakane Doi, who has been president for nine years and now becomes vice chairman. Mr Yoshitoki Chino retains the chairmanship.

NTT under fire as critics seek to ring the changes

Stefan Wagstyl finds the Japanese telecommunications group fighting for survival as a single entity

Nippon Telegraph & Telephone, the embattled Japanese telecommunications group, is bracing itself for a fight for survival as a single independent company in the face of intense pressure from government bureaucrats.

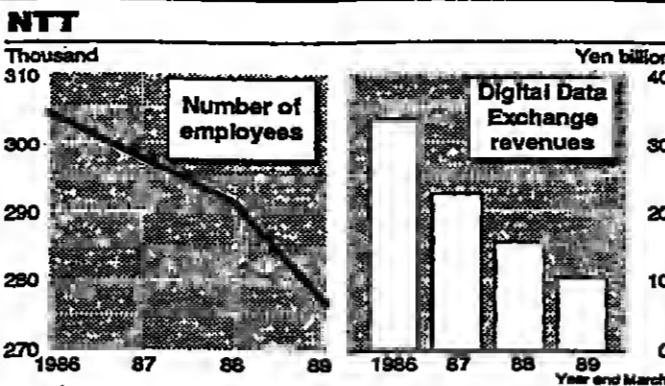
The next few months will be crucial in determining how well the company can meet the challenge from officials of the Ministry of Posts and Telecommunications, many of whom would like to see the giant group broken into smaller entities.

NTT, which was run by the ministry until it was privatised in 1987, is opposed to being taken apart like AT&T was in the US in the early 1980s. But, in order to answer its critics, it must change radically in ways which will affect its 277,000 employees, 40m subscribers and 1.5m shareholders.

It will have to accelerate efforts to cut costs and to improve telephone services, whilst it may find its freedom to enter into new businesses will be increasingly restricted.

Earlier this month the ministry published an interim report from the Telecommunications Council, an advisory body, which recommended breaking up NTT. It said NTT was too big to be properly managed or to allow fair competition in the telecommunications market.

The 40 new companies which



had been permitted to enter the market since privatisation could not compete fairly against the giant. Also, NTT was able to exert an inordinate influence over its suppliers.

The report recommended dividing NTT into one long-distance call company and 11 local-service companies.

The council is due to complete a final report by January or February next year, when it is expected to state its conclusions even more forcefully than the interim report.

NTT, which had hoped the report would be less forthright, is trying to marshal support. Mr Haruo Yamaguchi, the president, said yesterday this was difficult since the telecommunications council was very

influential. The company also ran into heavy public criticism over its involvement in the Recruit financial affair. Nevertheless, NTT has a few big guns on its side - including the Fair Trade Commission, which supervises competition policy, and researchers at the Ministry for International Trade and Industry and at the Keidanren, the largest Japanese employers' federation.

A division of NTT would require the passing of a new law, so the company is also courting the political parties. "The basic things about NTT are decided by the Government," said Mr Yamaguchi.

Analysts believe NTT will

PM'S OFFICE JOINS BREAK-UP CALL

THE JAPANESE Prime Minister's office has added its voice to the growing chorus demanding the reform or break-up of Nippon Telegraph & Telephone, the telecommunications giant, writes Stefan Wagstyl.

The overwhelming dominance of NTT, which has a market share of 98 per cent, should end, said a report from a study group attached to the PM's office. NTT had to cut its staff, improve its organisation

and increase the access of new communications companies to the telephone network. Consumers expected cheaper services from NTT and more diversified services, said the report. The report's implied message was that if NTT failed to reform itself, it should be broken into smaller entities.

The report echoed criticisms earlier this month by a research group attached to the Ministry of Posts and Telecommunications.

probably win the fight against an early break-up - if only because the three years since privatisation provide insufficient evidence about its performance. But the price NTT will have to pay for a delay is greater bureaucratic control, starting with an acceptance of many of the criticisms made in the ministry's report.

"In that sense the Government is guiding us," said Mr Yamaguchi. He added the changes would cover further cuts in the workforce, reductions in rates and improvements in services. NTT has shrunk its workforce from 304,000 in 1986 to 277,000 in March this year. But the interim report said the ratio of labour costs to total expendi-

ture was rising. Working hours were short compared with other industries. Nevertheless, NTT is planning further reductions - though only through natural wastage not dismissals. As for price cuts, Mr Yamaguchi said NTT, which last year had revenues of ¥5,841bn, had made cuts equivalent to ¥200bn a year since privatisation.

Further reductions in the price of long-distance calls are under consideration. The local call charge - ¥10 for three minutes - is known as one of the very few bargains in Japan. Mr Yamaguchi said it would not be raised because of opposition from consumers. Planned improvements in services include investment in

high-technology circuits with the aim of creating a digital communications network across Japan to replace conventional analogue systems.

NTT has brought forward from the late to the early 1990s its deadline for completing this project. Meanwhile, staff in offices are being galvanised by a nationwide campaign called Best Service to be more attentive to customers.

In this way, Mr Yamaguchi hopes to outflank the ministry, by getting the consumers on to his side. The whole debate over NTT had ignored consumers, he said yesterday. It could turn out to be a winning theme because of a growing realisation in Japan that consumers' interests are frequently sacrificed for the sake of industry.

If these arguments fail, Mr Yamaguchi has one more powerful point to make - the cost and disruption which break-up would entail. The interim report put this at ¥300bn. NTT says it could be 10 times higher, at up to ¥3,000bn.

Moreover, Mr Yamaguchi said, the experience of the US showed that while business customers were generally satisfied with the dismantling of AT&T, because long-distance charges fell, ordinary people were not because the cost of local calls had risen.

Parent company results, half-year to September*	Operating income		Pre-tax profit		Net profit	
	Yen	%	Yen	%	Yen	%
Nomura	466,099	-3.1	248,913	+0.9	107,865	+3.7
Daiwa	322,375	+5.5	171,038	+1.0	79,029	+20.6
Nikko	298,267	+4.0	130,252	+1.6	63,521	+2.3
Yamaichi	279,753	+5.3	117,998	+8.9	55,585	+20.8

Court bars Paladin AGM

PALADIN, an investment holding company listed in Hong Kong and New Zealand, adjourned its annual meeting indefinitely yesterday after a Bermuda court ruling. Reuter reports from Hong Kong.

A group of minority shareholders linked with a private Hong Kong company called Laisee, obtained a Bermuda Supreme Court order on Friday, stopping the meeting until the court decides whether a block of 14.2m

U.S. \$100,000,000

MC Corp
A Momentum Company

Floating Rate Notes Due 1992

Interest Rate	8 1/16% per annum
Interest Period	24th October 1989 24th January 1990
Interest Amount per U.S. \$1,000 Note due 24th January 1990	U.S. \$22.52

Credit Suisse First Boston Limited
Agent Bank

Eni International Bank Limited
ECU 135,000,000

Guaranteed Floating Rate Notes due 1992

Ente Nazionale Idrocarburi

In accordance with the terms and conditions of the Notes, the rate of interest for the interest period 24th October, 1989, to 24th January, 1990 has been fixed at 10 1/8% per annum. Interest payable on 24th January, 1990 will be ECU269.93 per Note of ECU10,000.

Morgan Guaranty Trust Company of New York
London Branch

CREDIT FONCIER DE FRANCE
US\$200,000,000

Floating Rate Guaranteed Notes due 1996

In accordance with the terms and conditions of the Notes, notice is hereby given that the rate of interest for the interest period 20th October 1989 to 20th April 1990 has been fixed at 8 1/8% per annum. The interest payable on the relevant interest payment date, 20th April 1990, will be US\$10,000.00 per US\$100,000 Note, (interest on the Notes is subject to a minimum interest rate of 5 per cent per annum).

Agent Bank

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FISE 100	WALL STREET
Oct. 21/92/2183 +11	Nov. 25/78/2590 -6
Dec. 21/92/2203 +11	Dec. 26/90/2702 -5

5pm Prices. Change from previous 5pm close

THE NAME BEHIND THE NAMES

<p>Legal & General</p> <p>Legal & General Group PLC</p> <p>Underwriter and dealer on £200m Surrey Commercial Paper Programme</p> <p>September 1989</p>	<p>RANKS HOVIS McDUGALL PLC</p> <p>Placing of 154.2m shares in Goodman Fielder Watne Ltd. with a value of £331.5m by BZW Australia Ltd.</p> <p>September 1989</p>
<p>Bankura International Management (Netherlands) B.V.</p> <p>US\$ 70m 6 year interest rate swap related to 6% dual currency yen/dollar bond</p> <p>August 1989</p>	<p>GEFCO</p> <p>Guaranteed Export Finance Corporation PLC</p> <p>Joint lead manager in underwriting and placing of £250m 9 3/4% guaranteed Loan Stock 2010 Guaranteed by the British Government acting by the Export Credits Guarantee Department</p> <p>July 1989</p>
<p>The Scottish American Investment Company PLC</p> <p>Underwriting and placing of £60m in units of Equities Index Unsecured Loan Stock 2004</p> <p>September 1989</p>	<p>MARKETCHIEF PLC</p> <p>Adviser in £314m recommended offer for Imry Merchant Developers plc.</p> <p>August 1989</p>

Issued by Barclays de Zoete Wedd Limited, a Member of The Securities Association.



BARCLAYS de ZOETE WEDD

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, October 23, 1989. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Table with columns: COUNTRY, STG, US \$, D-MARK, YEN (x100). Rows include countries like Afghanistan, Albania, Algeria, Angola, Argentina, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Bangladesh, Barbados, Belgium, Bermuda, Bolivia, Botswana, Brazil, Bulgaria, Burkina Faso, Burma, Cambodia, Cameroon, Canada, Cayman Is., C.C. Republic, Central African Rep., Chad, Chile, Colombia, Comoros, Congo, Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Rep., Ecuador, Egypt, El Salvador, Equatorial Guinea, Ethiopia, Falkland Is., Faroe Is., Finland, France, Gabon, Gambia, Germany, Ghana, Greece, Grenada, Guatemala, Guinea, Guyana, Haiti, Honduras, Hong Kong, Hungary, Iceland, India, Indonesia, Iran, Iraq, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Korea, Kuwait, Kyrgyzstan, Laos, Latvia, Lebanon, Lesotho, Liberia, Libya, Lithuania, Luxembourg, Macao, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Mexico, Micronesia, Moldova, Monaco, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Puerto Rico, Qatar, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Sudan, Switzerland, Taiwan, Tanzania, Thailand, Timor-Leste, Tonga, Trinidad & Tobago, Tunisia, Turkey, Turkmenistan, Uganda, Ukraine, United Kingdom, Uruguay, Uzbekistan, Venezuela, Vietnam, Virgin Islands, Western Samoa, Yemen, Yugoslavia, Zambia, Zimbabwe.

INTERNATIONAL CAPITAL MARKETS

Success and scepticism greet covered warrants

William Dullforce reports on the controversy surrounding a new Swiss equity instrument

Investors' enthusiasm for covered warrants in Swiss equities is provoking argument in Zurich and Geneva about whether their impact on the stock market is healthy or not. Some brokers claim that the warrants are draining away liquidity. The contention is not sustained in a study by Lombard, Odier, the Geneva private bank, which should be of particular interest to investors in London and Frankfurt, which have introduced this new equity instrument. Covered warrants resemble the warrants convertible into shares attached to corporate bond issues. The main difference is that they are issued by banks or other institutions which hold the shares all the time of the warrant's life. They are usually two to three years. They were invented by Mr. Martin Ebner of BZ Bank, Zurich, in late 1985, primarily as a means of allowing foreigners to invest in instruments attached to Swiss companies' registered shares. Registered shares were trading at up to 50 per cent discounts to bearer shares, mainly because foreigners could not buy them. Covered warrants are issued at premiums, averaging some 15 per cent of the cash value of the underlying stock. They also have the advantage of being free of Swiss stamp duty. Warrants are now being written on baskets of blue-chip shares. Lombard, Odier examines the argument that covered warrants diminish the number of shares available for trading in the underlying shares from a relatively thin market, that they induce greater volatility in prices. By the end of September this year, registered shares with a market capitalisation of around SF80m (€95m), or 7.5 per cent of the capitalisation of all Swiss registered stock, were covering warrants. Altogether some 50 warrants, including those written on bearer and non-voting shares, accounted for more than SF11bn or 4.1 per cent of total Swiss market capitalisation. In 10 stocks, including Geigy, Sandow, Winterthur, Zurich Insurance and Union Bank of Switzerland, over 10 per cent of their market capitalisation was in covered warrants. Nevertheless, Lombard, Odier finds no evidence to show that prices have become more volatile among stocks on which warrants have been issued. The bank's analysts single out two positive features: The shares underlying the warrants are being monitored more closely by a greater number of analysts and investors because of the leverage involved; a more closely monitored stock is a more liquid stock. One, Lombard, Odier notes. The warrants are generally more attractive in terms of premiums than the shorter-lived options traded on the Swiss Exchange (Sofex). However, the bank considers that the warrants' main appeal still lies in the fact that, albeit indirectly, they allow foreigners to buy Swiss registered stock. The point is contested by Mr. Ebner, whose BZ Bank is still the major player on this market. First, he argues, many warrants are now being written on bearer and non-voting stock. Second, Lombard, Odier has underestimated the growing interest among Swiss institutional investors. Covered warrants have made a strong contribution to liquidity in the Swiss equities market, Mr. Ebner says, because pension funds and insurance companies, which previously sat passively on large blocks of shares, have been persuaded to write warrants on them and trade in the warrants. Pension and other fund managers have realised that by writing warrants on their block holdings they can increase their book value, generate cash, which they may plough back into the market. However, volume is necessary to create liquidity and Mr. Ebner is concerned that some recent warrants have been issued on stocks capitalised at less than SF70m. Lombard, Odier and Mr. Ebner agree that the number of covered warrants is unlikely to continue growing as fast as it has done in the last 12 months - although Mr. Ebner could envisage the value of registered shares covering warrants reaching 10 per cent of market capitalisation.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns: COUNTRY, Issue, Maturity, Coupon, Yield, Price, Change. Rows include US TREASURY, STRAIGHTS, EURO AREA, JAPAN, UK, etc.

TRADE INDEMNITY EXPORT CREDIT INSURANCE

THE CREDIT RISK MANAGERS

Advertisement for JUCO INJALIA ELEKTA featuring a diver and the text 'The Best Team in the Water The Best Team at Sea'. Includes contact information for the company.

ROYAL TRUST ASSETMIX FUND SICAV

Registered Office: 7th Floor, Centre Mercurie, 41 Avenue de la Gare, LUXEMBOURG.

Annual General Meeting of Shareholders of Royal Trust Assetmix Fund SICAV will be held at its registered office, 41 Avenue de la Gare, Luxembourg, on Monday November 13, 1989 at 10.00 AM for the purpose of considering and voting upon the following matters:

- 1. To receive and adopt the directors' report and the report of the auditor for the year ended 30 June 1989.
2. To receive and adopt the balance sheet as at 30 June 1989 and the profit and loss account for the year ending on that date.
3. Discharge of the directors and of the auditor.
4. Receipt of and action on nomination of the directors and of the auditor.
5. Miscellaneous.

Advertisement for Great American First Savings Bank, featuring a logo and text: 'U.S. \$100,000,000 Collateralized Floating Rate Notes Due 1992'.

Advertisement for ASLK-CGER IFICO, featuring a logo and text: '¥4,000,000,000 Floating Rate Nikkei Average Notes Due 1992'.

Advertisement for Bank of Greece, featuring a logo and text: 'US\$150,000,000 Floating Rate Notes 1994'.

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INTERNATIONAL CAPITAL MARKETS

Treasuries rise in anticipation of Fed easing

By Janet Bush in New York and Rachel Johnson in London

US TREASURY bonds moved modestly higher yesterday morning, on optimism that the weakening economy would allow the US Federal Reserve to ease monetary policy again soon.

GOVERNMENT BONDS

largest gains, with some issues up a point. The Treasury's benchmark 10-year bond was quoted up 1/4 point for a yield of 7.96 per cent.

The key data due for release this week are durable goods orders for September and October, which are expected to have fallen by around 1.8 per cent, and preliminary third-quarter GNP on Thursday, which is forecast to show a rise of around 2.5 per cent, the same as in the second quarter.

rise to 2.7 per cent to 3 per cent.

The bond market's optimism seems to be based on hopes of a figure under 2 per cent. Today, the Treasury will auction \$10bn of two-year notes followed by \$4.5bn in Refco bonds tomorrow, the first portion of the financing needed to meet the deficit of the deficit industry. The Treasury has also expanded its weekly auctions of three- and six-month bills.

The Fed yesterday announced three-day matched sales, consistent with a Fed funds target of around 8 1/2 per cent.

THE UK government bond market spent yesterday doing very little apart from anticipating the likely damage of today's trade figures, but none the less managed to "float upwards" gently.

The mean expectation for the deficit was in the range of £1.5bn, which would have an indifferent impact on the market. A third poor figure in a row, traders indicated, would have a profound effect -- and

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Bid Price, Change, Yield, Week ago, Month ago. Rows include UK GILTS, US TREASURY, JAPAN, FRANCE, GERMANY, CANADA, NETHERLANDS, AUSTRALIA.

eradicate the gains left from the equity market upheavals last week.

A good figure of around £1bn would, in contrast, leave the market improved by a couple of points. "This last happened in June, when an unexpectedly good number put two points on gilts in 20 minutes," a dealer said.

Both medium and longer-

dated stocks boasted slight increases despite the prevailing nervousness. The Treasury 10 per cent 1994 moved up 1/4, while the Treasury 1999 10.5 per cent put on a gain of 1/4.

Analysts attributed the movements to sterling's stronger performance on the foreign exchanges against the D-Mark and the dollar and to anticipation of the wage round

in Germany and strike ballots in the engineering unions in the UK.

IN FRANCE, the only activity in a day of unremitting dullness was provided by the auction of 13-week Treasury bills, for which there was fairly strong demand.

The two-year bill's rate rose to 9.53 per cent from 9.48 per cent at the last weekly tender and the five years' was offered at 8.24, a fraction better than the market was expecting.

Without sufficient attractions to hold investors' interest in the face of short-term interest rates obtainable elsewhere, "the appetite for the bills was not voracious," a trader at James Capel's Paris office reported.

On both cash and futures markets there was little movement to speak of. Prices were flat with German bunds, but stayed within a very tight range. Only 18 centimes separated the day's highs from the day's lows. Bonds closed at the bottom of the day's range and the ending of the Peugeot strike had little effect.

Rothschild family returns to its roots in Frankfurt

By Haig Simonian

EIGHTY-EIGHT years after leaving Frankfurt, the city where the Rothschild family's banking business was born nearly two centuries ago, it is moving back with a new joint representative office for its London, Paris and Zurich banking operations.

Founded by the legendary Mayer Amschel Rothschild in 1792, the Rothschild's bank was arguably the world's first "multinational financial institution" according to Mr. Baron David de Rothschild, a managing director of N.M. Rothschild in London.

For it was Mayer Amschel Rothschild's decision to send his four sons to establish branches in London, Paris and Naples that created the roots of what has become one of the world's largest private financial networks and a byword for wealth across Europe.

Speaking in Frankfurt yesterday about the Rothschild's return, Baron David de Rothschild, senior partner of Rothschild & Compagnie, Banque, in Paris, stressed that "the decision had been made according to business criteria, not emotional criteria."

The family's decision to leave the city in 1901 stemmed

from the death of the last male heir based there. However, despite the departure well before the rise of the Nazis and the persecution of Germany's Jewish population, the planned return to Continental Europe's leading financial centre has entailed lengthy reflection.

Family members from all three of the Rothschild's European banks explained that the delay had more to do with business considerations than any fall-out from the Holocaust.

Baron Elie de Rothschild, president of the managing board of Rothschild Bank in Zurich, said that the family had been so busy after the Second World War "trying to stick the bits together" that it had missed out on Germany's post-war industrial boom.

"It is now unthinkable we should not be in Frankfurt with at least a representative office," he said. "We think Frankfurt will become one of the leading stock markets of Europe and the world, where we need to be present."

However, the Rothschild's return to the city of their origins remains very low-key, at least to begin with. The new representative office will have a staff of just three profes-

sional advisers, a maximum of about seven in the next two years, according to Mr. Erich Stromeyer, its head.

The Frankfurt office will concentrate on liaison work, bringing German business to the London, Paris and Zurich banks and marketing their own specialities, notably fund management and corporate finance, in Germany.

Further expansion, such as an application for a full banking licence or membership of the Frankfurt Stock Exchange, are not being planned. "We're here to test the market before taking any decisions," said Mr. Stromeyer. As far as equities, they wanted "to see how the stock exchange re-organisation was going to be decided on a legal status."

Despite the modest beginnings, the decision to return, which was foreshadowed in banner headlines in some popular German newspapers earlier this year, has been treated as quite an event in Frankfurt. Certainly, few other banks could expect such wide coverage, including the main German television channel, for the opening of a three-man rep office. But then, few are called Rothschild, and fewer still are coming home.

Scarcity of new issues reflects Eurobonds' pessimism

By Andrew Freeman

EUROBOND MARKETS failed to shed off the pessimism of recent weeks yesterday, as patchy new-issue activity betrayed a continuing lack of direction. Investor demand was distinctly limited, according to syndicate officials.

Crédit Commercial de France

INTERNATIONAL BONDS

(CCE) was the lead manager of a FF10bn 10-year deal for the African Development Bank, the first time the bank has tapped the sector. The bonds were launched with a 9 1/2 per cent coupon and were priced at 101 1/2.

However, despite the traditional fee structure, CCF brought the deal as a fixed-price re-offering and syndicate members offered bonds to investors at 99 1/2, implying an underwriting commission of 26 basis points. The spread over French government bonds was around 70 basis points.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Borrower, US DOLLARS, Amount, Coupon, Price, Maturity, Fees, Book runner. Rows include Hokuiki Electric Power, Royal Bank of Canada, Union Bank of Finland, etc.

The mandate for the unwrapped issue was awarded last week, but CCF held off to allow market conditions to stabilise. The delay also allowed a formal consensus among the syndicate over the pricing and no bonds were offered below the agreed price.

Traders said the bonds were fairly priced and added that there was demand outside

France for the paper. A \$550m five-year issue for Calson National de Crédit Agricole was brought by IJF International. The bonds carried an 8 per cent coupon and were priced at 101.80 to yield some 68 basis points over the equivalent US Treasury.

The deal had an average reception and traded just inside full underwriting fees of

1 1/4 per cent. Dealers said there was interest, but that investors were switching out of old issues rather than injecting new funds. Proceeds were wrapped into floating-rate dollars to achieve a sub-Libor funding rate.

Yamaichi International was the lead manager of a \$200m seven-year issue for Hokuiki Electric Power, one of Japan's

larger generating companies. The bonds offered an annual spread over US Treasury notes of 50.8 basis points, in line with spreads of secondary market paper for other utilities judged by dealers as better credits.

Yamaichi was quoting the paper at 1 1/4 bid, a discount equivalent to full underwriting fees. However, other traders described a poor reception and said the paper was outside fees for most of the day. The price away from Yamaichi fell as low as 1 1/2 bid at one stage, before rallying to close around less than 1 1/8 bid. Proceeds are thought to have swapped into yen.

A retail-targeted deal was brought by RBC Dominion Securities for Royal Bank of Canada to a quiet reception. The bonds offered a 10 1/2 per cent coupon and were trading on fees at less than 1 1/4 bid.

Citicorp was a Paltan Matador issue for the International Finance Corporation. The bonds have an 11.6 per cent coupon and are priced at 101 1/2 per cent.

Matador market expands

By Andrew Freeman

THE MARKET for Matador bonds, peseta-denominated bonds issued by supranational agencies including the World Bank, has expanded to include new issues this year, according to a report by Moody's Investors Service, the US credit rating agency.

In the year to the end of August, Pta195bn (\$1.65bn) of Matador bonds were issued, over double the volume in the whole of 1988. All 23 existing issues have strong credit ratings, and the report suggests that high Spanish interest rates combined with a strong currency will continue to attract substantial demand for new bonds.

Mr. William Mendenhall, a Moody's analyst, said yields on Matador bonds had fallen recently relative to interbank

rates, partly reflecting Spain's present currency stability.

However, he blamed increased competition among underwriters for the tighter terms seen on recent issues, noting that certain market participants consider present pricing unrealistically low.

The report also mentions the possibility that Spanish financial authorities will broaden the market by allowing sovereign borrowers to issue Matador bonds. Outstanding bonds have been placed with international investors, mainly in Germany, Switzerland and the Benelux countries. Spanish investors have to pay withholding tax on Matador issues and are therefore more interested in domestic government bonds.

Mitsubishi arm given clearing status on CBT

MITSUBISHI FINANCIAL

Futures, a Mitsubishi Bank subsidiary, has obtained approval as a clearing member of the Chicago Board of Trade, writes Katharine Campbell. It will be the fourth Japanese clearing operation on the CBT.

Mitsubishi became a member of the exchange last January via the acquisition of a non-clearing firm, Secredit. It now intends to increase its presence by clearing a larger proportion of the bank's proprietary business, as well as executing Japanese business.

An official from the futures brokerage operation said the firm would be active in the Treasury bond futures and futures options contracts as well as in the Treasury notes futures contract.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: Index No., Index, Index, Index, Index, Index. Rows include EQUITY GROUPS & SUB-SECTIONS, FT-SE 100 SHARE INDEX, etc.

RISES AND FALLS YESTERDAY

Table with columns: Rises, Falls, Same. Rows include British Funds, International and Foreign Bonds, etc.

LONDON TRADED OPTIONS

Table with columns: Calls, Puts. Rows include British Airways, British Telecom, etc.

LONDON RECENT ISSUES

Table with columns: Issue Price, Amount, Latest, High, Low. Rows include various corporate bonds.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount, Latest, High, Low. Rows include various government and corporate bonds.

FIXED INTEREST

Table with columns: Price, Mon, Day, Fri, Index, Yield. Rows include British Government, US Government, etc.

RIGHTS OFFERS

Table with columns: Issue Price, Amount, Latest, High, Low. Rows include various rights issues.

TRADITIONAL OPTIONS

Table with columns: Issue Price, Amount, Latest, High, Low. Rows include various options contracts.

Small text at the bottom of the page providing publication details and subscription information.

UK COMPANY NEWS

SeaCon unveils asset sale plan to ward off bidder

By Andrew Hill

MR JAMES SHERWOOD, president of Sea Containers, is to sell assets from all divisions of the group, which owns Sealink British Ferries, as part of his attempt to fight off a hostile \$1.02bn bid.

until most of the programme of asset disposals is completed. It will be a number of weeks," Mr Sherwood said.

legal challenge to Sea Containers' defensive actions is also expected soon.

Sheraton revises terms for Malvern

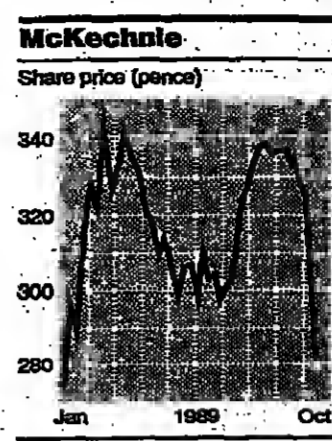
By Nikki Tait

RECENT SHARE price falls in the property sector have led to a change in the share exchange terms which Sheraton Securities, the property development and investment group, is offering in its all-paper bid for the unquoted Malvern Property Company.

Overseas expansion offsets slowdown in the UK McKechnie improves 15% to £39.2m

By Jane Fuller

MCKECHNIE, the plastics and metal components group, increased pre-tax profits by 15 per cent to £39.15m for the year to July 31, compared with £34.04m in the previous year.



Michael Ost, chief executive (left) with Stuart Moberley, finance director (centre) and Dr Jim Butler, chairman

Share price (pence)

Michael Ost said the growth in plastics was mostly the result of the US acquisitions. Metals had benefited from first half reorganisation.

Ransomes rights issue flops

By Andrew Hill

A RIGHTS issue by Ransomes, the 200-year old manufacturer of grass-cutting machinery, has become the fourth cash call to fall victim to market uncertainty over the past week.

\$150m purchase of Cushman Group, a North American grass machinery company.

British Airways revealed that only 6.4 per cent of its £300m convertible bond issue had been taken up - hit by the rise in interest rates as well as the market conditions.

Under the new terms the offer for the A shares is unchanged, but Sheraton will now give five shares for each Malvern ordinary. On full acceptance about 9.7m Sheraton shares will now be issued, compared with 8.92m previously.

Because of continued worries about a hard landing for the UK economy, all the businesses - not just consumer products - had drawn up contingency plans to cope with downturns of 5, 10 and 15 per cent.

The specialist products division, which saw one company sold off, increased turnover to \$65.5m and profits to \$8.6m.

Another move to oust Dickie board

By Ray Bashford

DISSIDENT shareholders at James Dickie are mounting another challenge to the authority of the directors of the drop forgings and grey iron castings manufacturer.

Rock dissidents defeated in poll

By John Ridding

Rock, the component distribution group, announced yesterday that a series of resolutions which could have given control of the company to a group of dissident shareholders were defeated in a poll called at last week's extraordinary general meeting.

Table with 5 columns: Company, Current payment, Date of payment, Current dividend, Total for year. Lists companies like Allied London, BMS 5, Brit & Amer Film, etc.

Barratt chairman paid £290,000 Mr John Swanson, chairman and chief executive of Barratt Developments, was paid £290,129 in the year to June 30, according to the housebuilding group's annual report.

With Sheraton shares down another 4p to 68p yesterday, the revised terms value Malvern at £8.7m, compared with around £11m when the deal was first announced.

IN BRIEF

AMERICAN INTERNATIONAL has purchased a 20 per cent stake in Trade Network International and a 35 per cent interest in the company's US subsidiary, Export Network. AI has also received an option to purchase a 20 per cent stake of Export Network (Asia) Private, a Singapore-based Far Eastern corporation to be formed by TNI.

Flogas launches rights issue to fund acquisitions

By Kieran Cooke in Dublin.

Flogas, the Dublin-based liquefied petroleum gas supplier, is buying Ergas and Ergas (NI), two companies within the Royal Dutch/Shell Group, for £12.7m (£11.5m).

Rock, the component distribution group, announced yesterday that a series of resolutions which could have given control of the company to a group of dissident shareholders were defeated in a poll called at last week's extraordinary general meeting.

Advertisement for Kleinwort Benson. Text: 'Strength across borders', 'AT&T, a world leader in telecommunications, has acquired ISTEEL for £180 million', 'We acted as financial adviser to AT&T', 'The Kleinwort Benson Group'.

RED CLEARANCES: Proposed acquisitions of Trebor by Cadbury Schweppes and of Charterhall Properties by Seafield will not be referred to the Monopolies and Mergers Commission.

SHARE STAKES The following changes in company share stakes have been announced recently: Berkeley Group: Saad Investments, acting in concert with two affiliated and related companies, holds 2.3m ordinary (5.5 per cent).

Advertisement for Barclays Bank. Text: 'BARCLAYS BANK HAS BEEN APPOINTED PAYING AGENT TO ROYAL DUTCH PETROLEUM COMPANY', 'Through its securities handling arm, Barclays Global Securities Services, the Barclays Group delivers high quality, cost-effective services to institutional, corporate and private investors as well as providing Stock and Share Registration services.', 'BARCLAYS GLOBAL SECURITIES SERVICES', 'LONDON, NEW YORK, TOKYO, HONG KONG, PARIS, SYDNEY, SINGAPORE, TORONTO, MADRID, MILAN, FRANKFURT, JERSEY, AMSTERDAM, GENEVA, LISBON'.

UK COMPANY NEWS

Mr Tony Gill (right), chairman of Lucas Industries, was in buoyant form yesterday as he boasted of his company's £450m net contribution to Britain's balance of payments in the year to end-July.

A decade ago, Lucas was a Birmingham-based manufacturer of batteries, lamps, and everything electrical for the British motor car.

When the British car industry went into decline, Lucas plunged into loss.

The company responded by pulling out of commodity automotive products and concentrating on high-technology engine management and braking systems for the international market.

It also embarked on a programme of diversification into aerospace components and industrial equipment, mainly overseas.

As Mr Gill pointed out, last year's performance was a milestone of sorts.

It marked the point where sales by overseas companies passed those of the UK operations, and Lucas's consequent transformation into a truly international company.

"The sixth successive year of strong growth in profits and sales demonstrates the soundness of the Lucas three-sector strategy - aerospace, automotive and industrial markets," he said.

"New products, more customers, improved customer



Travis Humphreys

satisfaction, higher market shares, enhanced quality, better productivity and increased profits - all these encourage us to face future opportunities and challenges with confidence."

Hammerson unveils 51% advance to £38.2m

By Paul Cheeseright, Property Correspondent

THE HAMMERSON Property Investment and Development Corporation, the international property group, yesterday emerged from the shadow cast by the takeover bid from Rodamco and declared a 51 per cent increase in half yearly pre-tax profits and a clutch of new developments.

Profits for the six months to end-June were £38.2m compared with £25.37m in the same period of 1988. Earnings per share were 15.27p against 10.52p.

Hammerson is the most internationally-minded of the major British property investment groups and has over half of its property portfolio overseas.

This was part of its attraction to Rodamco, the Dutch investment group, which last year made a £1.3bn bid and allowed it to lapse in January.

The new developments announced by Hammerson are all abroad:

● It has established a joint venture with Bramalea, the largest quoted Canadian property company in which Trizec Corporation and the Brontman brothers have a stake. This venture involves Hammerson leasing in tranches 14 acres of land it owns near its shopping centre at Mississauga, near Toronto, to Bramalea. The Canadian company will build 2,000 condominium apartments but Hammerson will have a share in the sales price and the overall profits of the venture.

● Also at Mississauga, Hammerson will start development of a new 300,000 sq ft office building costing £40m. Its current office development at Mississauga is now 90 per cent let.

● In Essen, West Germany, where the group already has retail interests, £8m is being spent to buy a central shopping centre from a private investment trust and refurbish it.

● Planning permission has been received for a £50m shopping development at Saarbrücken.

At home, the strength of the property market has come through in a first half rise in net rental income of 19 per cent to £51.4m.

But earnings were also boosted by trading profits of £9.75m as further proceeds from the sale of River Plate House in the City of London came through.

The interim dividend is 3.5p, up from 3p last time.

● Hammerson UK Properties, a wholly-owned subsidiary of Hammerson, has today purchased for cancellation £100,000 9.75 per cent First Mortgage Debenture Stock.

The stock is redeemable at par at the company's option as from March 31 1997 and it is the company's normal policy to purchase stock for cancellation as it becomes available.

● COMMENT Hammerson, like other property investment groups, has been out of favour on the market. With a large chunk of its equity held up by Standard Life, it does not look an easy takeover target. With the market now suspicious of the sector generally, the Hammerson share price does not look as if it is going anywhere. But the company's defensive strength is its overseas interests: currency movements have so far put 6p on to the net asset value. This year the nav should move up from 1008p and comfortably exceed 1150p, putting the shares on a prospective discount of nearly 34 per cent - broadly speaking, par for the course in the sector at the moment.

£5m expansion for Midsummer

By Andrew Bolger

MIDSUMMER LEISURE, the fast-growing pub, discotheque and snooker club group, has purchased six properties in the south of England from Leading Leisure for £5.2m cash.

The packages include two discotheques, one in Portsmouth and the other in Eastleigh. The other units are the Town Mill pub and restaurant in Andover, Hampshire; Ellie J's bar in Portsmouth; the Gatehouse Royal Pier, a large bar in Southampton; and Booker T's, a bar in Newport, Isle of Wight.

Mr Adam Page, Midsummer chairman, said the units were situated in prime freehold and long leasehold sites, and complemented the group's portfolio in the rest of the country.

The current weakness in the UK economy would continue to provide attractive opportunities for more cash acquisitions, he said.

Midsummer intends to dispose of non-core businesses for cash to reduce gearing and allow the expansion of its leisure retailing. It is in the process of selling Chequers, its Derbyshire-based store-fitting business.

Dutch paper group buys Copygraphic

By Laura Raun, in Amsterdam

Buehmann-Tetterode, the Dutch paper and graphic equipment group, has acquired Copygraphic of the UK, an office supply dealer, as part of its strategic expansion plans.

Copygraphic has annual sales of £25m, employs 340 people and is based in London and Reading. Buehmann-Tetterode is buying the company for an undisclosed price from Mr Peter Killey, its founder and chairman, and several associates. The current management will continue to run the company.

The acquisition is part of Buehmann-Tetterode's efforts to build an international position in the office supply market. Further expansion in the Benelux, West Germany and the US is planned.

In the Netherlands Buehmann-Tetterode is locked in a battle with Ahrend, a leading office furniture maker, in which it owns 51.5 per cent. Ahrend bitterly opposes a takeover by the much bigger Buehmann-Tetterode.

FCF lifts Asda stake

First City Financial, the Vancouver-based investment company, has again raised its stake in Asda, the UK food retailer. According to a notice from First City's solicitors, Hornby - one of the two Barbados companies through which its shares in Asda are owned - it has acquired a further 500,000 shares. This takes the holding of Hornby and FCI, the other nominee company, to 53.55m shares or just over five per cent of the equity.

Spice aims to eliminate debt through disposals

By Jane Fuller

SPICE, the troubled motor parts distributor, is hoping to raise £2.5m from the sale of three wholesale cash-and-carry centres in Birmingham, Bradford and Leicester.

The announcement of the disposal of these premises, each with more than £500,000 of stock, comes hot on the heels of the sale of Spice's national distribution centre at Dunstable for £225,000, and after a £2m rights issue two months ago. The Dunstable centre was opened in October last year, but closed in April.

Mr Richard Fleming, Spice's managing director, said the three further sales would eliminate borrowings. The overdraft had stood at £7m when he joined the company in March. The disposals would continue the reduction of the workforce

from 400 to 180. The company will be left with branches at Staines, Canning Town and Watford, each of which will be sold and turned over about £5m a year.

Mr Fleming explained the change of strategy away from cash and carry, which had become uncertain and riddled with discounting, and towards agreements with certain retailers. "We are going for tied distribution."

In return Spice would help the retailer gain outlets as well as fuelling it with stock. Sometimes a stake would be taken in the retail company - as with the 50 per cent taken up in the CAR chain in London.

The company, which lost £4.6m in the six months to March 31, is altering its year-end to December 31.

Ross Catherall agrees bid terms

By Ray Bastford

Ross Catherall, the special steels, alloys and investment castings manufacturer, is poised to announce that it has agreed to the terms of a takeover offer.


The company yesterday morning reported that it had received a takeover approach following an 11p rise to 161p in the share price on Friday.

After the announcement of the proposal the shares rose further to close up 46p at 207p.

This price capitalises Ross Catherall at £75m, compared with the £47.2m value put on the company through the 125p per share placing in March last year which brought it to the main market.

BOARD MEETINGS

TODAY		Earlier in week	
Interline - Sumner Int'l, Chapelow Racecourse, Danstrol Int'l, FFI Group, Ingham (George), Ichniart, Polymark Int'l, Steel Oil, Vesta & Inco, Vost.	Oct. 25	Castlebridge Investment	Oct. 25
Phonix - Cooper (Frederick), Ensign Trust, Praxair, St Ives, Scottish & Metropolitan Property, Woblesley.	Oct. 26	Globe Inv Trust	Oct. 25
Interline - SIFFRINS DATA	Nov. 19	Powerstream International	Nov. 1
Agasman -	Oct. 27	Nelson International	Oct. 31
Barrett -	Oct. 27	Home Base	Oct. 30
	Oct. 27	Stranger	Oct. 31
	Oct. 27	Warner Howard	Nov. 4
	Oct. 27	Plasbe	Oct. 25
	Oct. 27	Harbison	Oct. 25
	Oct. 27	Kaystone Inv	Oct. 31
	Oct. 27	Widest	Oct. 27
	Oct. 27	Video Tape Recording	Oct. 26



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It profiles the good and bad performers - and the non-movers - alerting its readers to potential investment gains to be made, and losses to be avoided, in the current turbulent market.

Its launch, by the Financial Times Group, could not be better timed. The importance of smaller companies is now fully recognised by institutions and fund managers, and they are forming a significant part of their portfolios. Hardly surprising when last year the Hoare Govett Small Companies Index outperformed the FT-All Share Index by 6%, and in the previous year, the year of the crash, by 13%.

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UK COMPANY NEWS

To the Holders of
COLLATERALIZED MORTGAGE OBLIGATION TRUST SEVENTEEN

Class A-1 Floating Rate Bonds Due 2018

Notice is hereby given that the interest rates applicable to the above bonds for the interest period October 20, 1989 through January 19, 1990, as determined in the Indenture, is 9.1875% per annum. Amount of interest payable will be \$12.163934619 per \$1,000 principal amount.

COLLATERALIZED MORTGAGE OBLIGATION TRUST SEVENTEEN

NEW INTEREST RATES.

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1.05	Home Loan Rate	14.80
1.00	Home Improvement Loan Rates	
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1.05	House Mortgage Rate	14.80

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For the three months 24th October, 1989 to 24th January, 1990, the Notes will carry an interest rate of 15.775% per annum with an interest amount of £19,880.82 per £500,000 Note, payable on 24th January, 1990.

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Bankers' Trust Company, London Agent Bank

Worries over weakening order book from telecommunications Prestwick tops £2m with 50% rise

By James Burton, Scottish Correspondent

PRESTWICK HOLDINGS, the printed circuit board manufacturer, increased pre-tax profits by 50 per cent to £2.12m in the year to July 31 1989 but warned of a weakening in its order book in the current year and said prospects could be affected by the possibility of recession.

It said that a break in orders for the past two months from British Telecom to GPT, the General Electric Company and Plessey telecommunications joint venture, was affecting orders by GPT to Prestwick for printed circuit boards.

Prestwick also said that demand from the automotive

major motor manufacturers security of supply.

Mr Bill Miller, Prestwick deputy chairman, said that the European automotive sector would be a major source of growth in the next few years and the agreement with Circuit-Wise offered motor manufacturers "a very attractive scenario."

Mr Robin Mettler, who owns Circuit-Wise, has joined Prestwick's board as a non-executive director.

Prestwick said although orders from the telecommunications and automotive sectors had weakened, the computer, fax and photocopier sectors were steady. It added: "The possibility of recession arising from the current economic climate may also affect our prospects in the coming months but the company intends to respond positively to those changing market conditions to ensure that the progress made over the past two years is consolidated."

Turnover rose 11 per cent to £24.69m (£23.2m). Tax took £778,000, including deferred loss of £402,000, compared with a nil charge last time. This lowered undiluted earnings per share from 7p to 6.8p. A proposed final dividend of 1p makes a total for the year of 1.8p (Op).

Lewinsohn sells his remaining stake in Conrad Continental

By Clay Harrie

MR MAX LEWINSOHN, former chief executive of Dominion International, has sold his 10.87 per cent stake in Conrad Continental, a supplier of fashion accessories and leather garments.

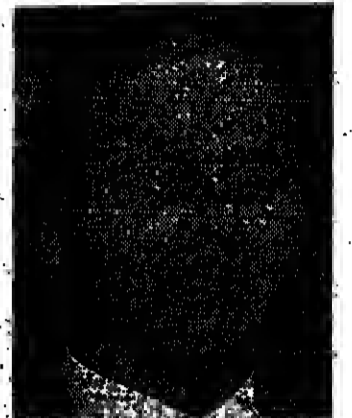
The buyer is Magnum Industries, a Geneva-based company which now owns 16.26 per cent of Conrad.

The disposal of 50p raised £777,000 for Maximilian Enterprises, Mr Lewinsohn's private company, which will also receive £14,240 in interim dividends. Conrad shares closed 1p higher at 59p, valuing the company at £7.5m.

Mr Lewinsohn said yesterday he was "more likely to focus his attentions on other things in the future." He had not yet decided, however, whether to resign as Conrad's deputy chairman.

Conrad has changed its name twice since Maximilian Enterprises bought a controlling stake in April 1984. Then called Arthur Henriques, it became Top Value Industries in 1985 and then took on its present identity in June this year. Part of Maximilian's stake was placed out in 1984, and there have been modest disposals subsequently.

In the six months to June 30, Conrad saw pre-tax profits fall by 41 per cent to £303,000 on



Max Lewinsohn; more likely to focus on other things

turnover ahead by 23 per cent to £5.5m.

Lord Barnett, the former Labour minister, is non-executive chairman of both Conrad and Dominion.

Mr Lewinsohn resigned in August as Dominion's deputy chairman, shortly before a stormy annual meeting at which the financial services and property group's shareholders criticised the board.

Dominion's shares were suspended on September 21, and payment of the final dividend was subsequently halted because the company had no distributable reserves.

Data-Design's £8.5m Ulster development

By our Belfast Correspondent

DATA-DESIGN Laboratories, the US electronics company, is creating 150 new jobs over the next three years in a £8.5m development in Ulster, backed by the Industrial Development Board for Northern Ireland.

DDL already owns Iridaus Circuits, which makes printed circuit boards at its plant in Craigavon, Co Armagh.

The new factory, to be called DDL Electronics Ltd, will use highly automated equipment to insert components, such as computer chips, on printed circuit boards, to specifications

laid down by manufacturers of electronic equipment.

The new operation will be set up in a 60,000 sq ft building in part of the former Goodyear tyre plant near the Iridaus complex.

A unique "twinning" arrangement between the two plants will be used as a model by DDL to set up similar operations in other countries worldwide.

Mr Richard Needham, the province's economy minister, said DDL was putting in its new PCB assembly operation because of its satisfaction with the quality of both the management and the workers at Iridaus.

Mr Needham said: "The new plant will be run by the existing Iridaus management, all of them Northern Ireland people, who will be working to the same world class manufacturing standards as DDL's highly successful US operations."

Mr Tom Beiseker, DDL chairman, said: "We at DDL firmly believe that closely integrated PCB manufacture and electronic assembly operations is the way forward for PCB companies. But it can only work

with high-quality management. The fact that we are sitting this twinning operation in Northern Ireland shows how highly we regard our existing Iridaus operation, and the availability of production-line workers, managers and electronics graduates here."

DDL is based in California, and has seven subsidiaries worldwide, employing over 1,500 people. In addition to PCBs and board assembly - which account for 70 per cent of its annual \$108m turnover - DDL also manufactures other types of electronic equipment.

NEWS DIGEST

BMSS up 24% to £729,000

BMSS, the USM-quoted timber and building materials merchant, saw pre-tax profits rise 24 per cent on sales ahead 13 per cent in the half year ended July 31 1989.

The directors said current sales were reflecting the decline in activity in the housing market, but profit margins and market share were being maintained.

Profits amounted to £729,000 (£586,000) and turnover £6.57m (£5.62m).

A small contribution from Wheat and Kirby, acquired in April, was included and a "more realistic" profit would accrue in the second half.

The search for suitable additional outlets and complementary activities continued.

Earnings per share were 6.7p (6.05p) and the interim dividend is raised to 1.875p (1.75p).

Interest charge holds Centroway back

Higher interest held back pre-tax profit growth to 11 per cent at Centroway Trust in the first half of 1989.

Interest charges at this business expansion scheme manager, boat builder and shoe maker rose from £76,000 to £235,000, and meant pre-tax

profit was held to £385,000 (£355,000).

This was after operating profit advanced 46 per cent to £630,000 on turnover 24 per cent ahead at £11.8m.

The directors said current trading prospects indicated a satisfactory trading result over the year.

Earnings worked through at 3.2p (0.2p) and there is an interim dividend of 1p. Extraordinary profits totalled £285,000 (debit £110,000).

Assets advance at B & A Film

British & American Film Holdings, the investment holding company and film library owner headed by Sir John Woolf, yesterday reported that its effective net asset value had increased to 72.7p as at June 30.

The figure, which excluded film rights, compared with 569.2p a year earlier and 580.7p at the end of 1988.

Pre-tax profits for the six months to end-June amounted to £38,062 (£38,215), resulting in earnings of 10.5p (8.92p). The interim dividend is raised to 2.85p (2.875p).

An extraordinary gain of £264,246 resulted from profits on the sale of investments.

North Sea Assets slips into the red

Following the decision to change its year end to December 31 to coincide with the

trading year of its British Underwater Engineering subsidiary, North Sea Assets, has issued a third quarter report to June 30.

This showed that net assets per 5p share were 18.8p compared with 15.4p three months earlier.

Revenues at June 30 totalled £468,000 (£316,000 at March 31). But after interest of £122,000 (£82,000) and administrative expenses of £74,000 (£53,000) there was a net loss of £128,000 (£59,000) or 0.31p (0.24p) per share.

Sir Jeffrey Petersen, chairman, said that the trading performance of British Underwater Engineering in the third quarter had corrected the previous distortion occasioned by BUE's cyclical trading pattern.

Trading in Chemex International, the environmental analysis and consulting services group, yesterday resumed on the Third Market.

The shares were suspended in March when TC Coumbis ceased to be sponsoring broker. Cambridge Capital has since been appointed as financial adviser and sponsoring broker with the specific task of reviewing the company's business affairs.

Chemex also announced interim results for the six months to March 31. These showed a pre-tax loss of \$304,000 on turnover of \$145,000.

Chemex shares resume trading

Trading in Chemex International, the environmental analysis and consulting services group, yesterday resumed on the Third Market.

According to the company, the figures were not comparable with the corresponding period of 1988 since Chemex International Inc was not created until August 1988.

The directors anticipated, however, that losses at the operating level for the full year would be similar to the £140,000 reported last year.

The shares were quoted at 46p yesterday compared with the suspension price of 48p.

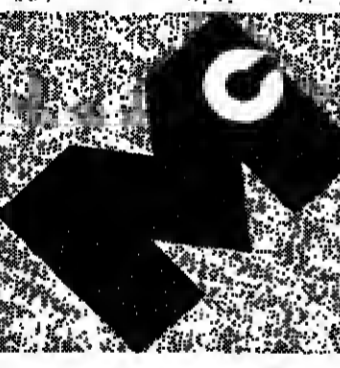
Pict Petroleum incurs £0.4m loss

The closure of the Claymore field following the Piper Alpha disaster seriously affected Pict Petroleum's results for the year to June 30.

For the period - the USM-quoted company ran up a loss of £399,000 pre-tax compared with a profit of £38,000 previously. Turnover was just £133,000 against £1.43m.

Net loss per 5p share emerged at 1.45p compared with earnings of 0.16p.

The directors said that the successful rights issue, which raised some £9m in April, enabled the company to replace cash resources used in the discovery and appraisal of the Scott (formerly Waverley) and West Fife fields, to conclude the purchase of North Sea interests from Amerada Hess, to continue with the exploration and appraisal of existing interests and to be in a strong position to pursue other opportunities as they arose.

 **McKechnie**
 The International Plastics and Metal Components Group

Profits before extraordinary items up 20%

EXCELLENT PROFIT RECOVERY AFTER FIRST HALF 20% increase in full year profit before extraordinary items despite first half abnormal costs incurred in commissioning several new facilities in the UK. Return on assets hits 30%.

IMPORTANT CONSUMER RESTRUCTURING IN UK UK consumer activities focused on window furnishings and DIY following disposals of Crayonme, Geeco, Declon, Derwent Macdee and Thermal Radiators during the year.


BALANCED GROUP EARNINGS, UK AND WORLDWIDE Profit growth achieved from both organic growth and acquisitions. Acquisitions of McCourtney and Charter in the US, Conex in Holland, and the purchase of the minority in McKechnie Pacific, have further enhanced the balance between UK and overseas earnings.

FINANCIAL HIGHLIGHTS

	Year ending July 31, 1989 £m	Year ending July 31, 1988 £m
Turnover	361.0	306.0
Profit before interest and tax	45.8	39.7
Pre-tax profit	39.1	34.0
Earnings before extraordinary items (after minority interests)	25.9	21.5
Earnings per share	33.6p	30.0p
Recommended dividend per share	14.75p	13.25p

Copies of the 1989 Annual Report will be available on 21st November 1989 and will be posted to all shareholders. Copies will also be available from: The Company Secretary, McKechnie plc, Leightwood Road, Aldridge, Walsall, West Midlands WS9 8DS.

The contents of this advertisement, for which the Directors of McKechnie plc are solely responsible, have been approved for the purposes of Section 57 of the Financial Services Act 1986, by an authorized person.



THE HAMMERSTON PROPERTY INVESTMENT AND DEVELOPMENT CORPORATION PLC

INTERIM RESULTS FOR HALF YEAR TO 30 JUNE 1989

PRE-TAX PROFIT £38.2 MILLION (£25.4M) UP 51%
EARNINGS PER SHARE 15.27P (10.52P) UP 45%
DIVIDENDS PER SHARE 3.5P (3.0P)

Full Interim Report from the Company Secretary

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UK COMPANY NEWS

**Both divisions now profitable and further acquisitions sought
Spong buys decorating supplier**

By Andrew Bolger

SPONG HOLDINGS, the houseware and retail display systems group which is being extensively reshaped, plans to buy Hamilton Group, a privately owned maker of paint brushes and decorators' tools. Initial consideration is \$5.5m, with further payment of up to \$1.5m, subject to Hamilton's results in 1989 and 1990. Hamilton, which mainly supplies professional decorators, is based in Harrow, Middlesex, with additional manufacturing facilities at Dronfield, Derbyshire. Last year it made pre-tax profits of \$282,000 on turnover of \$5.4m. Net assets were valued at \$3.2m. Spong was restructured in May when a consortium led by Hillsdown Investment Trust, the investment subsidiary of food group Hillsdown Holdings, invested \$4m to take a 46 per cent stake in the company. Mr Paul Lever came from being managing director of Crown Berger Europe, paints division of Williams Holdings, to take over as executive chairman from Mr Stephen Barclay, who has since left. Spong last year lost \$3.6m after extraordinary charges. Since taking over, Mr Lever has arranged disposals which will raise \$4m. The businesses sold include Beau Brummel, the specialist schoolwear manufacturer, and Spong Print, an

Essex-based colour printer. Mr Lever said the Hamilton acquisition fitted in with his strategy of disposing of Spong's non-core businesses and focusing on two trading divisions, home consumer products and retail display systems. Hamilton is a niche supplier of quality equipment to the decorating trade, which accounted for about 95 per cent of its turnover. Spong would be examining the opportunities for extending the brand name into the retail DIY market. Spong last year ran into difficulties when it transferred the manufacturing of its plastic houseware products to South Wales. It also had problems integrating the Norank and CJ Systems, the two companies which comprise its retail systems division. Mr Lever said that both of these divisions were now trading profitably and Spong was now poised to enter into a new period of growth, principally by acquisition. In the longer term, he intended to establish a third trading division, in the retail or industrial sector. As well as the Hamilton acquisition, Spong shareholders will next month be asked to approve consolidation of the 5p shares into 20p shares. The initial consideration for Hamilton will comprise



Paul Lever: a third trading division in longer term

\$500,000 cash and the issue of 9,05m of new 20p ordinary shares. Of those, 4,05m are being placed on behalf of certain of the vendors at 53p each. Yesterday, Spong's 5p shares closed unchanged at 14p. Hamilton, as currently con-

stituted, is the result of a management buy-out of Hamilton Star and its subsidiaries from Rhundell Permaglaze Holdings in 1986. Its current management team, led by Mr David Gordon, will continue to run the company.

Knobs & Knockers shares take off as MIM raises interest

By Andrew Hill

SHARES IN Knobs & Knockers climbed 25 per cent yesterday after the USM-quoted specialist retail and property group announced that MIM, the investment company, had increased its holding. Former chairman Mr Michael Warshaw, sold 607,863 shares in the group - which was the subject of a reverse takeover in July - at 80p each. The USM company's shares yesterday rose 17p to 80p. MIM has bought 400,000 shares, taking its holding to more than 3.4 per cent of the entire company. The balance has been placed with the seven existing board directors of Knobs & Knockers.

Mr Warshaw has said he will retain his remaining 900,000 shares - about 3 per cent - for at least a year. Knobs & Knockers' shares were worth 116p at the time of its reverse takeover by Prior Securities, the retail property specialist. It paid \$21.41m for Prior, issuing shares worth 120p each. But since then Knobs & Knockers' shares have fallen as low as 68p. Knobs & Knockers, which now describes itself as a "property, retail and architectural ironmongery group", said MIM's purchase of the shares reflected investor confidence in the group's future.

EFM Dragon expands through £23m placing

By Nikid Tait

EFM DRAGON Trust, the small specialist investment trust managed by Edinburgh Fund Managers, is raising around £23.1m via a placing of 182m new ordinary shares with warrants attached. Existing shareholders will also be able to participate in the issue via an open offer. They can apply for up to 72m new shares, again with a similar one-for-five warrant sweetener. Terms of the open offer are five new shares with one warrant attached, either for every 10 existing ordinary shares held, or for every 10 existing warrants held. The new shares are being placed at 12.5p per share, and shareholders can claw back under the open offer at the same price. The issue will more than double the size of the trust, which currently has a market capitalisation of a little below £18m. EFM was floated in September 1987. The directors now believe the time is right to increase the capital base, partly because of the opportunities for investment in Far Eastern stock markets. Under the terms of the placing and open offer, the new funds will be raised at a small

premium to the existing undiluted net asset value of the trust. Expansion of the Dragon fund follows recent successful launches of a number of new investment trusts specialising in the Far Eastern markets - in particular in some of the smaller countries in the region. New warrants are exercisable in any of the years 1991 to 2005 inclusive, at 15p. There is no fixed life set on the trust, but when it was first launched EFM made clear that shareholders would be given the chance to vote on whether they wished it to continue in the same form at the AGM in 1997. Largest shareholder in the trust is the British Coal Staff Superannuation Scheme and Mineworkers' Pension Scheme, with 12.11 per cent, and it is envisaged that this institution will increase its stake to around 20 per cent of the enlarged equity as a result of the placing and open offer. An EGM is called to approve the new issue on November 13 - the same date as the AGM. Dealings in the new shares are expected to start on November 17. Yesterday, EFM Dragon shares were trading at 13p.

Mezzanine Capital Corporation Limited

Notice to the holders of the fully paid Bearer Depositary Receipts ("BDRs") evidencing Participating Redeemable Preference Shares of US 1 cent each ("Shares") of Mezzanine Capital Corporation Limited (the "Company")

Notice of Dividend and Capital Repayment

NOTICE IS HEREBY GIVEN to the holders of the BDRs that the Company has declared a final dividend for the financial year ended 31st May, 1989 of US\$0.2867 per share. The BDRs are denominated in multiples of units ("Units"). Each Unit currently comprises 37 Shares. The dividend is, therefore, equivalent to US\$10.527 per Unit.

The Company has also given notice that it intends to redeem an aggregate of 198,000 Shares at a price of US\$13.73 per share. This will involve the redemption of 2 Shares in respect of each Unit and this capital repayment is equivalent to a further US\$27.46 per Unit.

In accordance with Condition (9) of the conditions endorsed on the BDRs the number of Shares comprising a Unit will, following the redemption, be adjusted from 37 to 35. The number of units evidenced by each BDR will remain unchanged.

Payment of the dividend and of the capital repayment will be made, subject to receipt thereof by Manufacturers Hanover Bank (Guernsey) Limited ("the Depositary"), against surrender of Income Coupon No. 11 (INC No. 11) and Redemption Coupon No. 11 (RED No. 11) respectively, at the specified office of the Depositary or of any of the Paying Agents (set out on the reverse of the BDRs and at the foot of this Notice), at any time on or after 24th October, 1989.

Payment will, in each case, be made, subject to any liens and/or equities applicable thereto, by either cheque drawn upon, or at the option of the holder of the relevant Coupon, by transfer to a dollar account maintained by the payee with a Bank in New York City.

Copies of the Company's Annual Report may be obtained from the Depositary and Paying Agents.

BDR holders are advised that as a result of the capital repayment of US\$27.46 per unit, the net asset value per unit of the company will be reduced from US\$40.02 to US\$12.56. BDR holders should note that the price per unit quoted on the London Stock Exchange will adjust accordingly.

Depositary and Principal Paying Agent
Manufacturers Hanover Bank (Guernsey) Limited,
Manufacturers Hanover House, Le Trencher,
St. Peter Port, Guernsey, Channel Islands

Paying Agents
Bankers Trust Luxembourg S.A.,
14 Boulevard Roosevelt,
Luxembourg, Grand Duchy of Luxembourg
Manufacturers Hanover Trust Company,
Bockenheimer Landstrasse 51-53,
D 6000 Frankfurt am Main 1, West Germany
Manufacturers Hanover Trust Company,
Shell Tower, 3334th Street,
50 Raffles Place, Singapore 0104
Manufacturers Hanover Trust Company,
7 Prince Street, London EC2P 2LR
Manufacturers Hanover Trust Company,
Edinburgh Tower, 43rd Floor,
15 Queen's Road Central, Hong Kong
Manufacturers Hanover Trust Company,
Stockenstrasse 53, 8027 Zurich, Switzerland
Morgan Guaranty Trust Company of New York,
14 Place Vendôme, 75001 Paris, France

St. Peter Port, Guernsey
Dated 24th October, 1989

By: Manufacturers Hanover Bank (Guernsey) Limited
Depositary

KANSALLIS-OSAKE-PANKKI
(Incorporated with Limited Liability in Finland)
US DLRS 100,000,000

Subordinated Floating Rate Notes due July 1997

In accordance with the terms and conditions of the Notes, we hereby give notice that the next interest date will be January 24, 1990.

- Annual interest rate for the period from October 24, 1989 to January 24, 1990 will be 8 1/8%

Interest payable will be:

- US\$ 228.40 per US\$ 10,000 nominal principal amount for registered notes
- US\$ 228.40 per coupon for US\$ 10,000 denomination bearer notes
- US\$ 5,710.07 per coupon for US\$ 250,000 denomination bearer notes

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RAND MINES LIMITED

Turnover and Profits reach Record Levels

Extracts from the audited consolidated results of Rand Mines Limited and its subsidiaries for the year ended 30 September 1989.

	1989 Rm	1988 Rm	Change %
Turnover	1 367.7	957.3	+43
Profit before taxation	336.1	241.9	+39
Profit attributable to shareholders	216.3	164.5	+31
Extraordinary charges attributable to ordinary shareholders not included above	77.9	34.3	
Total assets	2 997.8	2 413.8	+24
Earnings per share	1 929c	1 467c	+31
Dividends per share	560c	450c	+24
Interim	120c	105c	+14
Final	440c	345c	+28
Dividend cover	3.44	3.26	

NOTES
Extraordinary Items
Extraordinary charges comprise provision for diminution in value of investments in managed gold mines of R99.9 million and net goodwill, arising from acquisitions of subsidiaries, and other charges of R18.0 million.

Final Dividend
A final dividend of 440 cents (1988 : 345 cents) per share has been declared.

Turnover exceeds R1 billion
Earnings grow by 31%
Final dividend up 28%
Coal and base mineral markets buoyant

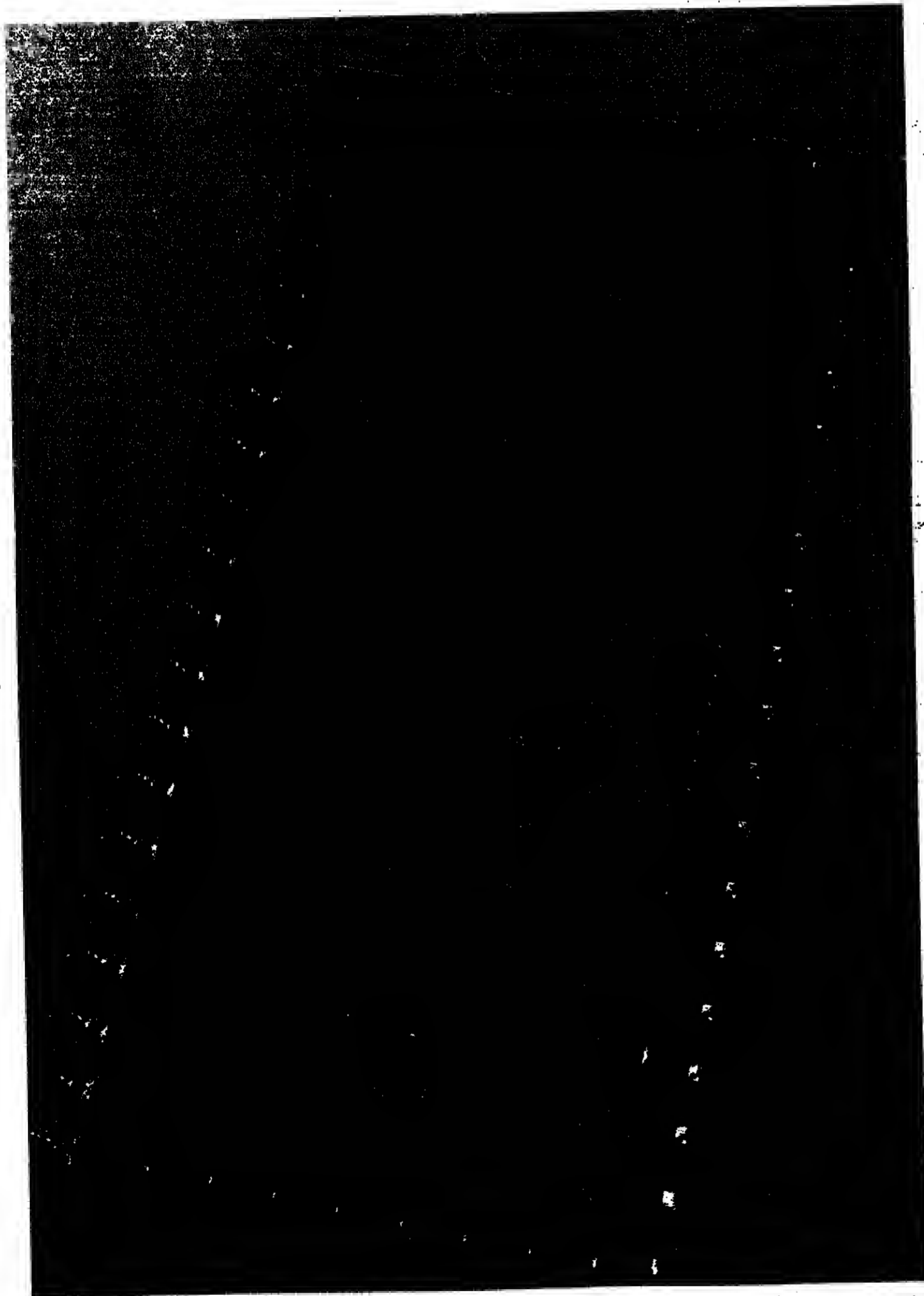
The Dividend Declaration is also advertised in this newspaper today.

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COMMODITIES AND AGRICULTURE

Drawing up a rural agenda for Europe

Bridget Bloom and Tim Dickson interview the Brussels Agriculture Commissioner

Mr Raymond MacSharry, who ten months ago became the European Community's first Rural Development Commissioner...



Raymond MacSharry: the first European Community Rural Development Commissioner

Rural development was added to the EC Agriculture Commissioner's portfolio when Mr MacSharry took over the post last January.

As he makes clear, the principal reason for the creation of the additional post stems from the impact on farmers, and on rural areas as a whole...

These have underlined farming's relative decline as the engine of rural growth, and at the same time have necessitated measures to help the poorest farmers adjust.

But Mr MacSharry has to try to make sense out of what critics allege so far amounts to little more than a mish-mash of measures aimed primarily at alleviating the farmers' lot.

One of these constitutes the philosophical basis for a rural development policy, the report, better known by its French title Le Monde Rural, agreed by the Commission in July 1988.

Mr MacSharry has formal responsibility only over the

agricultural development fund, endowed with the comparatively small amount some Ecu6bn over five years...

As part of this "small farmers" package, the commission approved plans for a new network of agricultural information offices...

At the other extreme are areas such as remote Scotland, where the inhabitants have all but left: there is little to be done to get sizeable populations...

Here, Mr MacSharry believes much can still be done to encourage farmers to remain. One way is to diversify their sources of income...

The last ten months is that he has had to meet "urgent priorities", many of them aimed at this middle group of areas, in piecemeal fashion.

For example, under the reformed agricultural fund, development plans are being drawn up by member states for 46 designated areas...

Another of Mr MacSharry's concerns has been to alleviate the burden on smaller farmers: last week the commission gave its blessing to a series of proposals...

What he expects to emerge will be seen, he says, as follow-on to Le Monde Rural, albeit expressed in more practical terms.

For their part, those farmers must continue to improve their efficiency. "Rural development will be more important in the future but it will not solve all the problems of our farmers", he says.

Mr MacSharry is setting himself a timetable of only a few months for all of this, his attempt to produce new measures, so far, have been far from plain sailing.

The commission's attempt to earmark Ecu200m for the small farmers' package, for example, was rejected by the EC's budget council in the summer...

Now that the details of the package have been spelt out, he hopes it will go through. "After all politicians all over Europe are demanding that we should help small farmers in this way", he says.

Substantial criticism of the seriousness of the whole attempt to provide the EC with a rural development policy is that, even after the reform of the structural funds, it is destined to take only a small share of the available funds.

The agricultural budget, set at Ecu26.7bn this year still accounts for 80 per cent of the total community budget. Some 95 per cent of agricultural spending is on market support, rather than on rural development measures.

If the EC is serious about rural development, shouldn't that balance be radically shifted? Mr MacSharry thinks not. He clearly does see some shift in expenditure from the so-called Guarantee (or market support) budget to the Guidance (development) side.

It is also evident that he believes more will be spent on rural development as a whole from the other funds. But he firmly maintains that at least some of the money paid to farmers to support their market operations ultimately finds its way back to a wider rural community and he wishes that the function the CAP must be to continue to support Europe's farmers.

For their part, those farmers must continue to improve their efficiency. "Rural development will be more important in the future but it will not solve all the problems of our farmers", he says.

Animal disease fears as farm ministers tackle 1992 controls

By Tim Dickson in Brussels

THE SPECTRE of foot and mouth and other animal diseases being imported into Britain will be raised in Luxembourg today when EC farm ministers tackle the highly sensitive issue of veterinary controls after 1992.

The subject goes right to the heart of British fears about the removal of frontier checks, a development seen by Brussels as central to the success of the European single market.

With this in mind the European Commission last year tabled a proposal for current border inspections of live animals, fresh meat, and meat products to be replaced by new checks at the points of origin and destination. Checks en route would only be justified if

there were grounds for suspicion of disease.

Today's meeting - the first time the matter has been discussed at Ministerial level - will consider a new compromise from the French Presidency which excludes live animals.

All these countries are concerned that their relatively high veterinary standards may be compromised, and that diseases like classical swine fever, African swine fever and foot and mouth could be imported.

Mr John Gummer, the UK's Agriculture Minister, is likely to insist that border controls should stay, although British officials prefer to talk about an "appropriate point in the transport chain which interferes as little as possible with the routing of the goods".

The principles, at stake are just as hard to swallow for the Commission, which believes that health matters should not be allowed to interfere with the pursuit of a single market and that veterinary standards will not be lowered.

Mr Henri Nallet, the French chairman of the meeting, is known to be anxious to reach quick agreement on the proposal, although this is unlikely to happen today.

SA diamond miners strike as talks fail

By Jim Jones in Johannesburg

ABOUT A third of De Beers diamond production has been halted by a legal strike of 5,000 black miners in South Africa.

The strike, in support of wage demands, was suspended last week for negotiations. However, mediation failed to narrow the gap between the 26.6 per cent increase demanded by the National Union of Mineworkers (NUM) and offers ranging from 15.5 per cent to 18 per cent from the company. Strike action was resumed yesterday morning.

The company has unilaterally implemented the proposed increases for about 5,000 employees not represented by the NUM and has given the strikers until tomorrow to accept.

All of the company's South African mines are affected by the strike. Last year they produced 5,000 million carats of diamonds, valued at 1.3 billion carats at the Namibian mines and 15.23 million carats at De Beers' operations in Botswana.

The company says it will not be able to quantify production losses from the strike. Some processing plants remain in operation and De Beers thinks losses could be made up during the present quarter.

Consolidated Murchison, South Africa's only autonomy mine which produces approximately 20 per cent of the world's supply, remains closed by a legal wage strike which started on September 22.

Beers' operations in Botswana. The company says it will not be able to quantify production losses from the strike.

Some processing plants remain in operation and De Beers thinks losses could be made up during the present quarter.

Consolidated Murchison, South Africa's only autonomy mine which produces approximately 20 per cent of the world's supply, remains closed by a legal wage strike which started on September 22.

Australian magnesite project planned

By Chris Sherwell in Sydney

ONE OF the world's largest high-grade magnesite deposits is to be developed in an \$180m (£87.5m) project following agreement on production and marketing between two Australian mining companies and an Austrian firm.

According to Pancontinental Mining, the project's operator, the development will make Australia a major player in yet another mineral - repeating previous achievements in iron ore, coal, bauxite, uranium, diamonds and gold.

The focus of yesterday's deal is a major deposit of high-quality "cryptocrystalline" magnesite, which constitutes around 10 per cent of the world's known magnesite reserves.

Magnesite is a key source of a refractory lining in steel furnaces. Located at Koolberran, near Rockhampton in Queensland, the deposit is to be mined by a partnership of Pancontinental (40 per cent), Queensland Minerals (50 per cent) and Radex Herakolith of Austria (10 per cent), a large manufacturer of refractory bricks. The mine has a life expectancy of 30 years.

About 30 per cent of the cost will be funded through equity, the remainder through loans. Construction is expected to commence early next year, with commissioning of the first stage of the main processing plant scheduled for mid-1991.

According to Mr Tony Grey, Pancontinental's chairman, overall magnesite consumption by the steel industry has been static in recent years, but demand at the premium end of the market, which the Queensland project will supply, has been increasing.

This Pancontinental estimates demand for high-heat, top-quality magnesite in 1990 will be 280,000 tonnes, while supply was only 150,000 tonnes. Moreover the refractory magnesite market is "set to be small, and supplied by less than 100 producers".

The overall world market for magnesite compounds is put at 20m tonnes per year of magnesite equivalent, with a value of some \$830m. The majority of the world's magnesite reserves are located in China, North Korea and the Soviet Union.

Mr Grey yesterday lambasted the Australian Labor Government's restrictive uranium mine policy when he addressed shareholders at Pancontinental's annual meeting.

He complained that the company's world-class uranium resource remains undeveloped at Jabiluka in the Northern Territory because Labor policy allows only three mines to operate - Ranger, Nabarlek and Olympic Dam.

Mr Grey accused the Government of delaying a Labor Party committee report on uranium mining pending the next federal election.

"Australia, faced with a balance-of-payments difficulty, high interest rates and economic uncertainty, cannot any longer afford to have the uranium equivalent of Don Quixote galloping over the economic landscape," he declared.

Mr Grey accused the Government of delaying a Labor Party committee report on uranium mining pending the next federal election.

UK to seek labelling for environment-friendly timber

By John Hunt, Environment Correspondent

THE BRITISH Government is to press for an international labelling system which will show that timber has been produced in a way that does not cause further destruction of the tropical rain forests.

The move will be made by the Overseas Development Administration at the meeting of 43 countries of the International Tropical Timber Organisation, in Yokohama, Japan, next week. The proposal was drawn up in consultation with Friends of the Earth, the environmental organisation.

The labels would state that tropical hardwood had been felled in a way that conformed to sustainable development. This would mean that it had

been taken from properly managed areas of secondary forest, where logging operations had already occurred.

The main source areas for tropical timber are Malaysia, Indonesia, West Africa and Brazil. The extent of tropical deforestation has caused increasing international concern because of the impact it

has on global warming - the greenhouse effect. Yesterday The World Wide Fund for Nature (WWF) said it would be urging the conference to adopt an emergency programme to save the tropical forests.

"Destruction of these forests will result in biological, cultural and economic impoverishment that future generations will curse us for," said Mr Adam Markham, WWF's campaigns officer.

WWF is calling for ITO to draw up a convention requiring that the entire international tropical timber trade should be based on sustainable management techniques by 1995.

WWF is calling for ITO to draw up a convention requiring that the entire international tropical timber trade should be based on sustainable management techniques by 1995.

LONDON MARKETS

Table showing LONDON METAL EXCHANGE prices for various metals like Copper, Zinc, Lead, and Tin.

Table showing SPOT MARKET prices for commodities like Rubber, Palm Oil, and Soybeans.

Table showing LONDON DAILY SUGAR prices for various sugar grades and types.

COCCA - London POX

Table showing COCCA prices for different grades and types.

Table showing SUGAR - London POX prices for various sugar grades.

Table showing CRUDE OIL - IFR prices for different oil grades.

LONDON METAL EXCHANGE

Table showing LONDON METAL EXCHANGE prices for various metals like Aluminum, Cash, and Lead.

Table showing POTATOES - RWE prices for different potato varieties.

Table showing SOYABEAN MEAL - IFR prices for various meal grades.

WORLD COMMODITIES PRICES

Large table showing WORLD COMMODITIES PRICES for various goods like Wheat, Coffee, and Cattle.

US MARKETS

Table showing US MARKETS prices for various commodities like Gold, Silver, and Wheat.

COFFEE

Table showing COFFEE prices for various grades and origins.

WHEAT

Table showing WHEAT prices for various grades and origins.

LIVE CATTLE

Table showing LIVE CATTLE prices for various grades and origins.

Advertisement for HELICOPTERS, featuring Ian Ely-Corbett and contact information.

LONDON STOCK EXCHANGE

Equities subdued ahead of trade data

THE SHADOW of the UK trade figures for September, to be announced this morning, ran before them yesterday, cutting trading activity in the equity market to levels unrecalled from the point of view of the securities houses. Seaq share trading volume of 276.8m was about one-fifth below the dismal totals recorded towards the end of last week.

Account Dealing Dates
Oct 20 - Nov 13
Oct 21 - Nov 14
Oct 22 - Nov 15
Oct 23 - Nov 16
Oct 24 - Nov 17
Oct 25 - Nov 18
Oct 26 - Nov 19
Oct 27 - Nov 20
Oct 28 - Nov 21
Oct 29 - Nov 22
Oct 30 - Nov 23
Oct 31 - Nov 24

all but 6.3 per cent was left with the underwriters. The blow was all the harder since the rights issue, being apparently no longer wanted for the airline's projected A1 deal in the US, will serve to strengthen the British Airways' balance sheet.

have significant implications for sterling and for domestic interest rate policy. The median market forecast is for some improvement on the current account deficit of £2bn recorded for August, probably to around £1.6bn.

the Eschequer, told his Mansion House guests last week that his interest rate/exchange rate policy remains in place. Today also brings the latest survey of UK business opinion from the Confederation of British Industry (CBI), which is widely expected to repeat the bearish views of the survey taken in the previous month.

FINANCIAL TIMES STOCK INDICES
Table with columns: Index Name, Oct 22, Oct 23, Oct 24, Oct 25, Oct 26, Oct 27, Oct 28, Oct 29, Oct 30, Oct 31, High, Low, % Change, % Change (1m), % Change (3m), % Change (6m), % Change (1y)

Market cautious on Lucas

The generally dull picture in equities was lightened by a strong performance from Lucas Industries on the back of sharply increased profits for the year. However, the 28 per cent rise at pre-market level was greeted more cautiously by analysts than the 13 rise to 614p in the shares might suggest.

session before recovering by the close to 124p, a net decline of 3, on relatively good turnover of 3.7m shares.

before closing unchanged on balance at 106p. Insurances maintained their recent progress, albeit at a slower pace. All three sub-sectors, life, composites and brokers, were well supported, with dealers talking of further rationalisation in financial services taking place on the Continent - yesterday brought news that Paribas is bidding for Navigation Mixta.

FT-A All-Share Index
Line graph showing the index value from August to October. The index starts at approximately 1050 in August, rises to 1150 in September, and then fluctuates between 1100 and 1150 in October.

The food retailers advanced as investors favoured the sector as a safe haven at a time of worries over slower economic growth. Kwik Save, the discount supermarket retailer, gained 7 to 534p on a recommendation by analysts at BZW. Tesco rose 5 to 194p, also on a favourable BZW report. Asda gained 6 to 145p on a belief that its recent losses had been overdone.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks. Columns include Stock Name, Volume, Price, % Change, and % Change (1m).

At GKN's Springeour Vickers, Martin Smith found the figures "slightly disappointing on the automotive side", pointing out that the earnings total was helped by an jump in property profits. Sandy Morris at County commented that the outlook for Lucas' automotive side remains clouded, with setbacks likely in both UK car and after-market sales.

Eurodisney market
This morning, shares in Eurodisney became tradable on the London International Stock Exchange on a "when issued" basis. The move was prompted by the appearance of an unofficial "grey market" in the shares and consequent fears of a "disorderly market" according to the Stock Exchange Council.

Equity Shares Traded
Turnover by volume (million)
Line graph showing equity shares traded turnover from August to October. The turnover starts at approximately 200 million in August, rises to 400 million in September, and then fluctuates between 300 and 400 million in October.

knocked the shares back 7 to 385p. Reuters has in any event, been looking nervous since "Grey Monday" last week when London stocks fell sharply, on fears that some customers of its screen-based financial services might be forced to cut back.

Mr Robert Pringle, at Hoare, said over the past month BT had outperformed by 9 per cent as the stock was identified as one of the most defensive situations in UK equities. Ahead of interim due on November 15 we foresee this performance being sustained.

combine to create an unsettled climate which will depress sentiment and the rating as the year progresses. "Unless general UK equity prospects deteriorate greatly we therefore envisage BT to perform below the market in 1990," Hoare concludes.

Specialist metals supplier Ross Cathal said it had received a bid approach and the shares only jumped 46 to 207p. Stories in the French press that Airbus Industrie had secured Airbus orders from Aeroflot, the Soviet Airline, pushed British Aerospace share ahead. BAE has a 20 per cent stake in Airbus Industrie and makes the wings for the aircraft. The absence of official confirmation or denial of the story failed to disperse mar-

airways shares
A double blow struck British Airways shares, leaving them with the biggest decline of the day in percentage terms among FT-SE 100 stocks. Dealers were disappointed with the less than 7 per cent take-up of the company's rights issue, estimates last week ranged up to 40 per cent. The issue was to help pay for a stake in United Airlines, the US carrier, but the deal collapsed last week. The shares were further undermined by the failure of the United deal.

NEW HIGHS AND LOWS FOR 1989
Table listing new highs and lows for various companies in 1989.

Reports that Reuters, the global financial reporting group, may face one-day strikes by the London workforce which could disrupt its news and data services.

Hillsdown continued to benefit from the announcement on Friday that it was seeking permission from its shareholders to buy back up to 10 per cent of its shares. Hillsdown closed up 6 to 277p. Dalgety rose 6 to 822p as investors continued to seek bargains after the sharp falls incurred at the beginning of last week.

Mr Michael Warshaw, former chairman of retail and property group Kwik & Knocks, sold more than 607,000 shares in the company to its directors and investment group MIM. The sale was at a 7p premium to Friday night's 79p close and the market took the move as a vote of confidence in K&K's prospects.

Tomkins might use its 2 per cent stake in Delta to launch a bid, pushed the latter's shares to 325p, still 5 better on the day. Hamerston rose on news that interim profits had risen 51 per cent to £38.2m, higher than market estimates. Hamerston "A" shares closed up 7 to 765p.

Chairman of Whitworths
Mr Pat Ridgwell has been appointed chairman of WHITWORTH'S, part of the Napier Brown Group. He succeeds Mr Ken Galley who has retired. Mr Ivor Atkinson becomes managing director.

Chairman-designate of Lovells
Mr Antony Nichols, chairman of Caradon and until recently a managing director of Consolidated Goldfields, joins the board of Y.J. LOVELL (HOLDINGS) on November 21 as chairman-designate.

Pickfords move
Mr Roy Moysen (left) has been appointed president and chief executive of Allied Pickfords Industrial Movers Inc, Houston, Texas, first US operation of PICKFORDS INDUSTRIAL.

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 33

The ADR Powerhouse
Large graphic advertisement for ADR Powerhouse with stylized text.

Security Pacific's approach to American Depositary Receipts
Detailed advertisement for Security Pacific's ADR services, including a list of directors and company information.

Chairman of Whitworths
Advertisement for Whitworths, featuring a portrait of Mr Pat Ridgwell and text describing his appointment and the company's performance.

Chairman-designate of Lovells
Advertisement for Lovells, featuring a portrait of Mr Antony Nichols and text describing his appointment and the company's services.

Pickfords move
Advertisement for Pickfords Industrial Movers Inc, featuring a portrait of Mr Roy Moysen and text describing the company's expansion into the US market.

Advertisement for Security Pacific, featuring a portrait of a man and text describing the company's ADR services and global reach.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-625-2128

AUTHORISED UNIT TRUSTS

Abbey Unit Trust Managers Ltd

Table listing various unit trusts managed by Abbey Unit Trust Managers Ltd, including details on investment focus, units, and prices.

Abbey Unit Trust Managers Ltd (continued)

Continuation of the table listing unit trusts managed by Abbey Unit Trust Managers Ltd.

Abbey Unit Trust Managers Ltd (continued)

Continuation of the table listing unit trusts managed by Abbey Unit Trust Managers Ltd.

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Abbey Unit Trust Managers Ltd (continued)

Continuation of the table listing unit trusts managed by Abbey Unit Trust Managers Ltd.

GUIDE TO UNIT TRUST PRICING. A detailed guide explaining how unit trust prices are calculated, including the role of the FT Cityline service and the importance of understanding the underlying assets and risks.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

Main table containing unit trust information with columns for Name, Code, Price, and Yield. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Name, Price, and other details. Includes sub-sections for 'MANAGEMENT SERVICES' and 'OFFSHORE AND OVERSEAS'.

OFFSHORE AND OVERSEAS

GUERNSEY (ISD RECOGNISED)

JERSEY (ISD RECOGNISED)

LUXEMBOURG (ISD RECOGNISED)

JERSEY (ISD RECOGNISED)

GUERNSEY (ISD RECOGNISED)

JERSEY (ISD RECOGNISED)

GUERNSEY (ISD RECOGNISED)

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JERSEY (ISD RECOGNISED)

GUERNSEY (ISD RECOGNISED)

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their managers, and performance metrics.

LONDON SHARE SERVICE

Table of London Share Service listing various share funds, their managers, and performance metrics.

Money Market Trust Funds
Charities All Funds Money Market Trust Funds
The Charities Deposit Fund

Money Market Bank Accounts
Althen Home Bank
200 Red, 100 White

UNIT TRUST NOTES
Prices are in pence unless otherwise stated and are based on the value of the unit as at the end of the month.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing various stock market listings categorized by industry: AMERICANS-Contd, BUILDING, TIMBER, ROADS, DRAPERY AND STORES-Contd, ENGINEERING-Contd, INDUSTRIALS (Misc.)-Contd, CANADIANS, BANKS, HP & LEASING, CHEMICALS, PLASTICS, FOOD, GROCERIES, ETC, BEERS, WINES & SPIRITS, HOTELS AND CATERERS, INSURANCES, and ENGINEERING. Each entry includes company name, price, and other financial data.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-1128

LEISURE table with columns for Stock, Price, Div, and Yld. Includes companies like Leisure Group, Leisure Leisure, Leisure Leisure.

PAPER, PRINTING, ADVERTISING - Contd table with columns for Stock, Price, Div, and Yld. Includes companies like Paper Printing, Advertising.

PROPERTY table with columns for Stock, Price, Div, and Yld. Includes companies like Property, Property.

TEXTILES - Contd table with columns for Stock, Price, Div, and Yld. Includes companies like Textiles, Textiles.

TOBACCO table with columns for Stock, Price, Div, and Yld. Includes companies like Tobacco, Tobacco.

TRANSPORT table with columns for Stock, Price, Div, and Yld. Includes companies like Transport, Transport.

TRUSTS, FINANCE, LAND table with columns for Stock, Price, Div, and Yld. Includes companies like Trusts, Finance, Land.

TRUSTS, FINANCE, LAND - Contd table with columns for Stock, Price, Div, and Yld. Includes companies like Trusts, Finance, Land.

TRUSTS, FINANCE, LAND - Contd table with columns for Stock, Price, Div, and Yld. Includes companies like Trusts, Finance, Land.

TRUSTS, FINANCE, LAND table with columns for Stock, Price, Div, and Yld. Includes companies like Trusts, Finance, Land.

OIL AND GAS - Contd table with columns for Stock, Price, Div, and Yld. Includes companies like Oil and Gas, Oil and Gas.

OIL AND GAS - Contd table with columns for Stock, Price, Div, and Yld. Includes companies like Oil and Gas, Oil and Gas.

OIL AND GAS table with columns for Stock, Price, Div, and Yld. Includes companies like Oil and Gas, Oil and Gas.

MINES - Contd table with columns for Stock, Price, Div, and Yld. Includes companies like Mines, Mines.

MINES - Contd table with columns for Stock, Price, Div, and Yld. Includes companies like Mines, Mines.

MINES table with columns for Stock, Price, Div, and Yld. Includes companies like Mines, Mines.

MOTORS, AIRCRAFT TRADES table with columns for Stock, Price, Div, and Yld. Includes companies like Motors, Aircraft Trades.

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MOTORS, AIRCRAFT TRADES table with columns for Stock, Price, Div, and Yld. Includes companies like Motors, Aircraft Trades.

Commercial Vehicles table with columns for Stock, Price, Div, and Yld. Includes companies like Commercial Vehicles.

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Investment Trusts table with columns for Stock, Price, Div, and Yld. Includes companies like Investment Trusts.

Investment Trusts table with columns for Stock, Price, Div, and Yld. Includes companies like Investment Trusts.

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Finance, Land, etc table with columns for Stock, Price, Div, and Yld. Includes companies like Finance, Land, etc.

Finance, Land, etc table with columns for Stock, Price, Div, and Yld. Includes companies like Finance, Land, etc.

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Finance, Land, etc table with columns for Stock, Price, Div, and Yld. Includes companies like Finance, Land, etc.

OVERSEAS TRADERS table with columns for Stock, Price, Div, and Yld. Includes companies like Overseas Traders.

OVERSEAS TRADERS table with columns for Stock, Price, Div, and Yld. Includes companies like Overseas Traders.

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OVERSEAS TRADERS table with columns for Stock, Price, Div, and Yld. Includes companies like Overseas Traders.

PLANTATIONS table with columns for Stock, Price, Div, and Yld. Includes companies like Plantations.

PLANTATIONS table with columns for Stock, Price, Div, and Yld. Includes companies like Plantations.

PLANTATIONS table with columns for Stock, Price, Div, and Yld. Includes companies like Plantations.

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Stock Exchange dealing classifications are indicated to the right of the security name: A, Alpha; B, Beta; Y, Gamma. Unless otherwise indicated, prices and dividends are in pence and denominated pence. Estimated price earnings ratios are based on latest annual reports and accounts and, where possible, are quoted on a half-yearly basis. P/E ratios are calculated on a "net" distribution basis, earnings per share being computed after taxation and interest. A.C.T. where applicable, is indicated by a bracketed figure in the dividend column. Dividends are based on "net" distributions, excluding exceptional profits/losses but including estimated extra-offshore A.C.T. Yields are based on middle prices, are adjusted to A.C.T. of 20 per cent and allow for value of declared distribution and rights.

Highs and lows marked thus have been adjusted to allow for rights issues for cash. Interim since listed, passed or resumed. Interim since reported, passed or deferred. Taxable to non-residents on application. Figures or report awaited. Not officially listed. Stock Exchange permitted under rule 10. Not listed on Stock Exchange and company not admitted to same degree of regulation as listed securities. Price at time of suspension. Indicated dividend after pending scrip and rights issues. Cover relates to previous dividend or forecast. Major bid or reorganisation in progress. Not comparable. Same interim; reduced final and/or reduced earnings indicated. Previous dividend; cover on earnings updated by latest interim statement. Cover allows for conversion of shares not ranking for dividend or ranking only for restricted dividend. Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided. No P/E usually provided.

Regional & Irish Stocks. The following are quoted in Irish currency. Irish. Australian. Traditional Options. 3-month call rates. Industrials. Property. Oil. Mines.

This service is available to every company on a fee in UK. Stock Exchanges throughout the world a list of 5980 per annum for every security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound up ahead of trade data

STERLING MET with demand yesterday in the absence of enthusiasm about any of the other major currencies. Foreign exchange trading was quiet with the dollar lacking fresh factors and the market believing that the pound is the most likely currency to show any significant movement in the immediate future.

FR2.5825; and to FF10.0475 from FF10.0075. According to the Bank of England the pound's index rose 0.3 to 89.7. The dollar's close in Europe was set in the middle of a very narrow range. The currency lacked fresh factors; demand from Japanese institutional investors provided underlying support, but this was offset by speculation about an easing of the Federal Reserve's monetary stance.

In very quiet trading the dollar rose to DM1.8550 from DM1.8540, but eased to Y142.30 from Y142.35, while closing unchanged at SF1.6250 and FF16.3000. On the Bank of England figures the dollar's index was unchanged at 89.8.

The pound's improvement was fragile, based on speculation that today's UK trade figures for September will indicate the start of an improving trend after several months of disappointingly high deficits. The current account payments shortfall was £2bn in August, and the market is looking for an improvement to about £1.5bn to £1.6bn, but without too much conviction.

Dealers are waiting for Thursday's preliminary figures on US third-quarter Gross National Product growth for indications on whether the US economy has slowed sufficiently to allow a cut in interest rates. Second quarter growth was 2.5 per cent and forecasts for the third quarter range from 2.2 per cent to 2.7 per cent, with the median estimate at 2.4 per cent, according to a survey by Money Market Services.

An easing of pressure within the EMS was helped by news of Bundesbank action to provide liquidity directly to the West German banking system. The central bank made a similar move on Friday in an apparent attempt to prevent call money remaining close to the 8 per cent London interbank rate.

£ IN NEW YORK

Table with 2 columns: Oct 23, Latest, Previous. Rows for 1 month, 3 months, 12 months.

STERLING INDEX

Table with 2 columns: Oct 23, Previous. Rows for 8.30 am, 9.30 am, 10.30 am, 11.00 am, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

CURRENCY RATES

Table with 4 columns: Oct 23, Bank, Special, European. Rows for Sterling, US Dollar, Canadian Dollar, etc.

CURRENCY MOVEMENTS

Table with 4 columns: Oct 23, Bank, Special, European. Rows for Sterling, US Dollar, Canadian Dollar, etc.

OTHER CURRENCIES

Table with 4 columns: Oct 23, Bank, Special, European. Rows for Argentina, Australia, Brazil, etc.

MONEY MARKETS

London rates firm

THERE WAS a slightly firmer tone to interest rates on the London money market yesterday as the Bank of England continued to keep very short term rates high. Another large shortage of day-to-day credit was again not fully absorbed.

Treasury bills in band 2 at 14 1/4 per cent and £10m bank bills in band 2 at 14 1/4 per cent. In further operations before lunch, the Bank of England purchased £491m bills, via £211m bank bills in band 1 at 14 1/4 per cent, and £280m bank bills in band 2 at 14 1/4 per cent.

In the afternoon the authorities bought £160m bills, through £114m bank bills in band 1 at 14 1/4 per cent, and £46m bank bills in band 2 at 14 1/4 per cent. Late assistance of around £50m was also provided.

by the authorities, leaving overnight interbank hovering around 15 1/4 per cent for most of the day. This coupled with nervousness about today's September UK trade figures moved fixed period rates up a little. Three-month sterling interbank rose to 15 1/4 per cent from 15 1/8 per cent.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £1,132m, while Exchange transactions absorbing £240m, and bank balances below £5m. These outweighed a fall in the note circulation adding £450m to liquidity.

In New York the Federal Reserve carried out its expected action to drain liquidity from the banking system via three-day matched sales and repurchase agreements when Federal funds were trading at 8 1/4 per cent.

FINANCIAL FUTURES AND OPTIONS

LIFE LONG FUTURES OPTIONS

Table with columns: Strike, Call, Put, etc. Rows for various contracts.

LIFE TREASURY BOND FUTURES OPTIONS

Table with columns: Strike, Call, Put, etc. Rows for various contracts.

LIFE BOND FUTURES OPTIONS

Table with columns: Strike, Call, Put, etc. Rows for various contracts.

LIFE EURO-DOLLAR OPTIONS

Table with columns: Strike, Call, Put, etc. Rows for various contracts.

LIFE EURO-DOLLAR OPTIONS

Table with columns: Strike, Call, Put, etc. Rows for various contracts.

LIFE EURO-DOLLAR OPTIONS

Table with columns: Strike, Call, Put, etc. Rows for various contracts.

CHICAGO

Table with columns: Dec, Mar, Jun, Sep. Rows for various contracts.

JAPANESE YEN INDEX

Table with columns: Dec, Mar, Jun, Sep. Rows for various contracts.

LONDON (LIFE)

Table with columns: Dec, Mar, Jun, Sep. Rows for various contracts.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, Last, etc. Rows for various options.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, Last, etc. Rows for various options.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, Last, etc. Rows for various options.

EMU EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Unit, Rate, etc. Rows for various countries.

EMU EUROPEAN CURRENCY UNIT RATES

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EMU EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Unit, Rate, etc. Rows for various countries.

EXCHANGE CROSS RATES

Table with columns: Oct 23, £, S, DM, etc. Rows for various currencies.

EXCHANGE CROSS RATES

Table with columns: Oct 23, £, S, DM, etc. Rows for various currencies.

EXCHANGE CROSS RATES

Table with columns: Oct 23, £, S, DM, etc. Rows for various currencies.

FT LONDON INTERBANK FIXING

Table with columns: Oct 23, 3 months, 6 months, 12 months. Rows for various rates.

MONEY RATES

Table with columns: Oct 23, Overnight, 7 days, 1 month, 3 months, 6 months, 12 months. Rows for various rates.

LONDON MONEY RATES

Table with columns: Oct 23, Overnight, 7 days, 1 month, 3 months, 6 months, 12 months. Rows for various rates.

BASE LENDING RATES

Table with columns: Bank, Rate, etc. Rows for various banks.

MOTOR CAR ADVERTISING

MOTOR CAR ADVERTISING appears every Saturday in the WEEKEND FT. REACH THE RIGHT READERS by advertising now

MOTOR CAR ADVERTISING

MOTOR CAR ADVERTISING appears every Saturday in the WEEKEND FT. REACH THE RIGHT READERS by advertising now

LIFE ECU THREE MONTH INTEREST RATE FUTURES CONTRACT. Starts Trading 26th October. Includes a large graphic of the letters 'E' and 'C'.

JOTTER PAD. A small advertisement for a notepad.

CROSSWORD No. 7,071 Set by QUARK. Includes the crossword puzzle grid.

ACROSS and DOWN crossword clues. Includes clues like '1 Summons for a kind of traveller (6)', '2 Drawn in to become uplifted (8)', etc.

WORLD STOCK MARKETS

CANADA

Table of Canadian stock market data including Toronto 2pm prices, Dow Jones, and various stock indices.

INDICES

Table of various stock indices including Dow Jones, S&P 500, and international indices.

NEW YORK ACTIVE STOCKS

Table of New York active stocks with columns for stock name, price, and change.

TOKYO - Most Active Stocks

Table of Tokyo most active stocks with columns for stock name, price, and change.

CANADA

Table of Canadian stock market data including Toronto 2pm prices and various stock indices.

INDICES

Table of various stock indices including Dow Jones, S&P 500, and international indices.

NEW YORK ACTIVE STOCKS

Table of New York active stocks with columns for stock name, price, and change.

Advertisement for Financial Times featuring a globe and the text 'Keep the world in focus. For many executives that could be a daunting task were it not for the Financial Times...'.

AUSTRIA

Table of Austrian stock market data including company names, prices, and changes.

FRANCE (continued)

Table of French stock market data including company names, prices, and changes.

GERMANY (continued)

Table of German stock market data including company names, prices, and changes.

ITALY (continued)

Table of Italian stock market data including company names, prices, and changes.

NETHERLANDS

Table of Dutch stock market data including company names, prices, and changes.

GERMANY (continued)

Table of German stock market data including company names, prices, and changes.

NETHERLANDS

Table of Dutch stock market data including company names, prices, and changes.

FRANCE (continued)

Table of French stock market data including company names, prices, and changes.

GERMANY (continued)

Table of German stock market data including company names, prices, and changes.

ITALY (continued)

Table of Italian stock market data including company names, prices, and changes.

NETHERLANDS

Table of Dutch stock market data including company names, prices, and changes.

FRANCE (continued)

Table of French stock market data including company names, prices, and changes.

GERMANY (continued)

Table of German stock market data including company names, prices, and changes.

ITALY (continued)

Table of Italian stock market data including company names, prices, and changes.

NETHERLANDS

Table of Dutch stock market data including company names, prices, and changes.

NETHERLANDS

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FRANCE (continued)

Table of French stock market data including company names, prices, and changes.

GERMANY (continued)

Table of German stock market data including company names, prices, and changes.

ITALY (continued)

Table of Italian stock market data including company names, prices, and changes.

NETHERLANDS

Table of Dutch stock market data including company names, prices, and changes.

NETHERLANDS

Table of Dutch stock market data including company names, prices, and changes.

FRANCE (continued)

Table of French stock market data including company names, prices, and changes.

GERMANY (continued)

Table of German stock market data including company names, prices, and changes.

ITALY (continued)

Table of Italian stock market data including company names, prices, and changes.

NETHERLANDS

Table of Dutch stock market data including company names, prices, and changes.

3pm prices October 23

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month	High	Low	Stock	Div. Yld.	High	Low	Stock	Div. Yld.	High	Low	Stock	Div. Yld.	High	Low	Stock	Div. Yld.	High	Low	Stock	Div. Yld.
100	100.00	100.00	Dow Jones	0.00	100.00	100.00	Dow Jones	0.00	100.00	100.00	Dow Jones	0.00	100.00	100.00	Dow Jones	0.00	100.00	100.00	Dow Jones	0.00
100	100.00	100.00	S&P 500	0.00	100.00	100.00	S&P 500	0.00	100.00	100.00	S&P 500	0.00	100.00	100.00	S&P 500	0.00	100.00	100.00	S&P 500	0.00
100	100.00	100.00	NASDAQ	0.00	100.00	100.00	NASDAQ	0.00	100.00	100.00	NASDAQ	0.00	100.00	100.00	NASDAQ	0.00	100.00	100.00	NASDAQ	0.00
100	100.00	100.00	NYSE	0.00	100.00	100.00	NYSE	0.00	100.00	100.00	NYSE	0.00	100.00	100.00	NYSE	0.00	100.00	100.00	NYSE	0.00
100	100.00	100.00	AMEX	0.00	100.00	100.00	AMEX	0.00	100.00	100.00	AMEX	0.00	100.00	100.00	AMEX	0.00	100.00	100.00	AMEX	0.00



NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for 16 Month High, Low, Stock, Div. Yld., P/E, 52 Week High, Low, Close, and Change.

Notes explaining the data in the NYSE Composite Prices table, including definitions for 52-week high/low and dividend information.

NASDAQ NATIONAL MARKET

3pm prices October 23

Table of NASDAQ National Market listing various stocks with columns for Stock, Div., Bid, Ask, High, Low, Last, and Change.

AMEX COMPOSITE PRICES

3pm prices October 23

Table of AMEX Composite Prices listing various stocks with columns for Stock, Div., Bid, Ask, High, Low, Last, and Change.

Advertisement for Scandic Crown Hotel, featuring the text 'It's attention to detail' and 'The Scandic Crown Hotel'.

AMERICA

Dow lower as the week opens in subdued trading

Wall Street

The week started in subdued fashion with equities trading in a narrow range during the morning session, writes Janet Bush in New York. At 2 pm, the Dow Jones Industrial Average was quoted 15.98 points lower at 2,675.16 on low volume of 82m shares.

The largest one-week gain in history. While some in the market view this swift and significant recovery from the 190 point drop on October 13 as a sign of the underlying strength of the market, others are rather concerned and believe that the market will again test the lows around 2,500 touched on Monday October 16.

before Congress by Mr Alan Greenspan, Fed chairman, scheduled for tomorrow. They are hoping for any hints that the Fed may be prepared to ease monetary policy by another notch soon. Blue chips were mixed. Procter & Gamble added 3/4 to \$130 and Coca-Cola gained 1/4 to \$72 while Philip Morris slipped 1/4 to \$44.

World leaders put on a nonchalant display

MARKETS IN PERSPECTIVE

Table with columns: Country, % change in last session, % change in last week, % change in last month, % change in last year, % change in last 5 years. Rows include Austria, Belgium, Denmark, Finland, France, West Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, UK, EUROPE, Australia, Hong Kong, Japan, Malaysia, New Zealand, Singapore, Canada, USA, Mexico, South Africa, and WORLD INDEX.

By Alison Maitland

If the world's leading stock markets started into the abyss for a brief but horrifying moment at the start of last week, they were putting on a breezy display of nonchalance by the end of it. It was as if nothing had happened. Almost.

response to Wall Street's trigger that some see as perverse. Hoare Govett, the securities firm, seems to explain it in its weekly review. "The prospects for the mainland European economies are less risky than for the Anglo-Saxon markets, while the cause of the Wall Street wobble - highly leveraged bids - is unknown on the Continent," it says.

West Germany's 13 per cent plunge last Monday was perhaps the most surprising reaction to Wall Street's abrupt loss of confidence in leveraged bids. Merck Finck, the German private bank, says that even high short-term interest rates and exaggerated price/earnings ratios in certain sectors of the stock market did not justify such a severe correction.

EUROPE

Second line stocks move into Continental vacuum

STILL feeling somewhat battered after last week's turbulence, continental bourses took a breather yesterday, so that the second line speculative stocks made what little running there was, writes Our Markets Staff. PARIS slipped quietly out of the October account as the bid by Paribas for two-thirds of Navigation Mixte removed another layer of speculative interest from the market.

over talk, made DM178m of turnover, only DM2m short of blue chips like Bayer, the chemicals group, and Deutsche Bank which tied for the top two places. Political worries of the day included the losses of the ruling CDU party in elections in Baden-Württemberg, and the Berlin conference of IG Metall, the metalworkers union which is thought to have built up reserves of DM1bn, to fight a possible strike in pursuit of higher wages early next year.

ips rose 40 cents to F147.20 before its third quarter results on Thursday, and Unilever was up F1.30 at F155.20. Recovery stocks included Nedlloyd, up F1.20 to F192.70. The transport company said it had finalised its acquisition of the West German haulier, Union Transport, which makes it one of Europe's leading road transport groups.

ASIA PACIFIC

Gains pared as peak comes back into view

diverted towards smaller companies, and the list of the ten most active stocks included a number of relatively unfamiliar names. Smaller construction companies, which enjoyed a run earlier this year, were among those which found favour yesterday. Investors speculated that these would return to lead the market after their recent, and substantial, correction phase. Fujita, a medium-sized contractor, was second in volume terms with 14.1m shares and gained ¥30 to ¥1,850. Aoki, strong in civil engineering, increased ¥70 to ¥1,480 in active trading.

topped the most active list with 20.3m shares and advanced ¥20 to ¥2,390. Speculation continued that shares in Tokyu companies owned by their late chairman might pass to an outside stakeholder. Tokyu Corp itself saw a spectacular 22 per cent rise last week in buoyant trading. Interest in specific issues led a 140-point rise in Osaka, which lifted the OSE average by 140.03 to 36,705.02. Volume slipped to 70.3m shares from the 98.9m traded on Friday.

A\$188m last Friday. Its real problem, however, was with individual stocks. Qintex Australia dived 17 cents to close at a record low of 15 cents on turnover of 1.2m shares. Qintex Ltd, which owns 55 per cent of QA, took a similar trajectory with a plunge of A\$55 to A\$1.50. On Friday Qintex Entertainment, a US associate, filed for Chapter 11 protection from its creditors; yesterday, the Australian Stock Exchange suspended QA and Qintex indefinitely.

& Shanghai, the largest bank in Hong Kong, said it intended full disclosure of its inner reserves. Yesterday its shares rose to HK\$45, up 60 cents over the past five trading days. In addition, there were local rumours that agreement has been reached between the Government and China for the latter to take back Chinese illegal immigrants across the Hong Kong border. The rumours were confirmed after the market closed, by a government statement saying that China will resume taking back the illegal immigrants today.

SINGAPORE rose again in thinning turnover, the Straits Times Industrial index rising 19.42 to 1,365.02, as volume fell to 67m shares worth some S\$134m, from 94m and S\$181m. Malaysian stocks moved tentatively higher, before what is widely expected to be a bullish budget next Friday. SEOUL had its fifth successive decline, the composite index falling 6.04 to 991.30. Trading was thin at 5.5m shares valued at 126m won.

STOCKHOLM prices turned down in low turnover. The Affärsvärlden General index closed 8.5 down at 1,368.2. Saab-Scania was among the most active stocks but its free B shares fell SKr16 to SKr250. The company is looking for a leading car producer in Europe prepared to do a deal with it after the collapse of its co-operation talks with Ford.

At the same time there was a growing sense that the market is reaching precariously high levels. Last week's four-day rising streak saw the Nikkei average only some 200 points short of the peak of 35,689.98 reached on September 28. As a result, a good number of investors took a cautious line yesterday, preferring to take profits rather than add fuel to an arguably overheating market. There is a suggestion that it was this hesitation, combined with Monday sluggishness, that kept volume to its low level.

Roundup FURTHER recovery in parts of the Pacific Basin were overshadowed by uncertainty elsewhere, as the Antipodes looked sideways at yet another entrepreneur, writes Our Markets Staff. AUSTRALIA was a mixture of quiet and disquiet. The market as a whole remained subdued, with the All Ordinaries index down 4.2 at 1,688.1 in turnover of 10.3m shares and A\$176m, against 102m and A\$178m last Friday.

Banking shares again led the advance. Last week, Hongkong & Shanghai, the largest bank in Hong Kong, said it intended full disclosure of its inner reserves. Yesterday its shares rose to HK\$45, up 60 cents over the past five trading days.

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